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# Hearing on Immigration Reform Act and Foreign Competition in the Farming Industry

Senate Subcommittee on Economic Problems Facing Agriculture

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CALIFORNIA LEGISLATURE  
SENATE SUBCOMMITTEE ON ECONOMIC  
PROBLEMS FACING AGRICULTURE

Senator Henry J. Mello, Chairman

Hearing on  
**IMMIGRATION REFORM ACT**  
and  
**FOREIGN COMPETITION IN THE  
FARMING INDUSTRY**



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# Senate

California Legislature

HENRY J. MELLO

SEVENTEENTH SENATORIAL DISTRICT

Senate Subcommittee on  
Economic Problems Facing Agriculture

HEARING TRANSCRIPT

December 3, 1987

Salinas, California

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# Senate

California Legislature

HENRY J. MELLO

SEVENTEENTH SENATORIAL DISTRICT

**Senate Subcommittee on  
Economic Problems Facing Agriculture**

**A G E N D A**

9:30 - 4:30 P.M.

THURSDAY, DECEMBER 3, 1987

SALINAS CITY HALL, ROTUNDA ROOM

200 LINCOLN AVENUE, SALINAS, CALIFORNIA

**I. INTRODUCTIONS**

SENATOR HENRY J. MELLO  
CHAIRMAN, SENATE SUBCOMMITTEE ON ECONOMIC  
PROBLEMS FACING AGRICULTURE

**II. WELCOME**

KARIN STRASSER-KAUFFMAN  
CHAIR-MONTEREY COUNTY SUPERVISORS

RUSS JEFFRIES  
MAYOR, CITY OF SALINAS

**III. PRESENTATIONS**

MONTEREY COUNTY FARM BUREAU

**IV. OPENING STATEMENT BY SENATOR HENRY J. MELLO**

**V. TESTIMONY FROM SCHEDULED WITNESSES**

**VI. TESTIMONY FROM UNSCHEDULED WITNESSES**

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## **TESTIMONY FROM WITNESSES**

CHAIRMAN HENRY J. MELLO: Before I start our meeting here this morning, I want to thank everyone for being here. I'm Senator Henry Mello and I chair the Subcommittee on Economic Problems Facing Agriculture. We have an annual meeting of our Committee and I've been Chair of this Committee now for six years. We try to find out and resolve some of the problems that we're facing in agriculture.

First, I want to introduce who we have up here on the panel. And I will start with the consultant to the right, Steve Macola. He's the Principal Consultant to the Senate Committee on Ag and Water, and probably one of the most knowledgeable persons in the state on certain agriculture and water issues, and he works under the chairmanship of Senator Ruben Ayala, who's Chairman of it, and I happen to be the Vice Chair of the Ag and Water Committee. The only slight disagreement we have on water is he wants to get more water from the north down to the south and I'm trying to keep a little bit of it here for our own use, but someday, we hope to solve that problem. But Steve and I thank you for coming down and it's a pleasure to have you here.

To my immediate right is Kathy Huston, she's the Principal Consultant to the Subcommittee on Economic Problems Facing Agriculture. And to my left is Rick Weisberg, Attorney with the Legislative Counsel's office, and he's the one that drafts the legislation addressing agriculture and other issues. He's been a real good help to me over the years, and, Rick, my thanks to you for coming down.

Of course, to my immediate left is my good friend and colleague, Assemblyman Sam Farr, who represents a great part of Monterey County, along with Assemblyman Rusty Areias, and, of course, all of Santa Cruz County and I want to thank you, Sam, for being here, and I'll be calling on you in a few minutes to make an opening statement.

We do have some people that will be making some opening statements here. So I'll welcome them and I will call on them first. Also I want to introduce some other persons that are here in the audience. So first, let me introduce the Chair of the Monterey County Board of Supervisors, Karin Strasser-Kauffman, who wanted to be here this morning to make a statement.

MS. KARIN STRASSER-KAUFFMAN: Good morning, Senator Mello and dis-



tinguished visitors and local residents and interested parties. We do want to welcome you and are grateful to you for holding this particular Senate hearing in Monterey County, which we consider, in light of the topic, most appropriate for your location.

We spend a great deal of time stressing the pride which Monterey County feels in agriculture. It's an industry in excess of \$1 billion directly to our economy locally and, of course, much more than that indirectly. It's a major employer and we are proud of it not only because of the economic hub which it represents, but because of the manner in which it permits us to integrate the rest of our economy in tourism and small business in Monterey County.

So, we stress the value of agriculture, but more recently, of course, because of that, we also have to stress the problems of agriculture. It is appropriate today that we recognize both, and the itinerary certainly looks to be very conclusive and we want to express our particular gratitude to Senator Mello for holding this hearing here and giving us and agriculture in general, the attention that it deserves. We are particularly affected of course by any international developments in agriculture by the international competition because our farmers here are self-supporting in contrast to agriculture in much of the rest of the United States. And while we're pleased with that, it does make us very vulnerable. We don't have the usual price supports and perhaps added incentives that are given to farmers in the Midwest and in the south portion of this country. We are heavily dependent on temporary workers, farm workers in general, and so the immigration laws and individual laws affecting the farm workers, again, make us more vulnerable, perhaps, than some other agricultural regions.

So, the topic that you have before you today is very timely and we commend you and everyone who is here for your interest and we count on you to help find some solutions to the problems facing us right now.

Thank you very much.

CHAIRMAN MELLO: Thank you, Supervisor Strasser-Kauffman, for being here and your warm welcome. Next, I will call on the Honorable Mayor of the City of Salinas, and before he makes his address, I want to thank him for allowing us to use these wonderful chambers here. It's the second meeting herethis week. Last Monday, we held a meeting here on mobile homes, in which we had an overflow crowd, and so Mayor Russ Jeffries, it is a pleasure to have you here this morning and thank you again for allowing us to use this fine facility today.

MR. RUSS JEFFRIES: Thank you, Senator Mello and Assemblyman Farr and other guests who are here today. I would like to thank you personally, for having this particular session here in Salinas, because agriculture is the life blood of our valley, and particularly to the City of Salinas. This is why Salinas was originally formed, because of the agriculture base here.

The foreign imports and also the exports are very much a concern for our local farmers and our local economy, and I do support some type of controls on those issues. I do hope that in the future that we can assist our local farming, because of the importance to the economy of our city, and our citizens, and we do have a large migration of people in and out of this particular valley. Immigration is very important to us.

So, again, Senator, I would like to thank you on behalf of our city and the citizens of our city, that you've held this particular meeting today.

Thank you.

CHAIRMAN MELLO: Thank you very much, Mayor, and I'll be making a few more introductions and then I'll be calling on our list of witnesses, of which we'll start out with Marc Del Piero and Sam Karas, but I wanted to first introduce them. Members of the Board of Supervisors that are here, Marc Del Piero, who represents North Monterey County, nice to have you here this morning; and Sam Karas, who represents the Fourth District in Monterey County. Sam, I want to welcome you here this morning as well.

Mayor Takahashi representing the City of Marina, it's nice to have you with us. John Olow, Chief Administrative Assistant for Assemblyman Eric Seastrand. Ben Davidian, Chairman of the ALRB -- Agriculture Labor Relations Board. Ben, I don't know, did you want to make a comment at some point?

MR. BEN DAVIDIAN: No, thank you.

CHAIRMAN MELLO: All right, welcome. He's the newly appointed Chair of the Agricultural Labor Relations Board. The reason I have these experts up here on the panel, including my good friend, Sam Farr, is when the questions get tough, I have somebody to pass them on to, and Ben, you're being here will be kind of helpful to do that.

Tracy Bengard, representing California Women for Agriculture. Hi, Tracy. Welcome. And a member of my staff, Cathy O'Boyle, my Administrative Assistant from the Salinas office; and seated down here is Spencer Tyler, who is on my staff and Director of Communications; and the sergeants who are recording the hearing here: Debbie Manning and



Rachel Lujano, they came down from Sacramento. Let me say at this point, that this hearing is being recorded and a full transcript will be made to and be sent out to all the members of the Legislature. Senator Rose Ann Vuich and Senator Craven, who are also members of the Subcommittee, express their regrets they could not be here today. Senator Vuich was here last year when we held our hearing.

Jack Metzger from the Monterey County Farm Bureau has a presentation at this time.

MR. JOHN METZGER: Thank you, Senator Mello. Bill Barker had hoped to be here and I know many of you know Bill. He was taken ill and I was contacted in between phone calls about 45 minutes ago, but it's still my pleasure to come up and present to you a poster that the County of Monterey funded and Monterey County Farm Bureau helped put together for your office. It will be a reminder to you of the abundance of products in Monterey County. I am sure the audience may have also seen this beautiful poster which is presented in appreciation for your work and everything you've done for agriculture in Monterey County.

CHAIRMAN MELLO: Thank you very much. That will be displayed in our office. We do have a great abundance of agriculture in Monterey County. It's one of the top counties in the whole state. I think it's behind Fresno and Tulare County that have more dollars. And, of course, even though the abundance is here, we still have problems and that's why we're holding the hearing here today to make sure the abundance that we have can be protected.

One other person that I see in the audience that I'd like to introduce -- is my double cousin, Gil Mello. He is the manager of the Santa Cruz County Fair, and he's been a farmer all his life as I have. Gil, nice to have you come over and attend our meeting today.

I will make a brief statement at this point, which is available to the audience and will focus in on two primary areas of interest in the agricultural industry.

The first part will be the Immigration Reform and Control Act of 1986. The second part will include the impact of foreign imports on the California farming industry. If there are other issues of agricultural interest that people here would like to address, please feel free to do so. We do have some cards available and if persons who are not on our scheduled witness list -- if you want to make a statement, just see Cathy O'Boyle and get a card filled out and we'll be happy to put you on the list here.

The Immigration Reform and Control Act of 1986 is the most sweeping revision of the nation's immigration laws since 1965. Everyone from the poorest immigrant to the richest employer will be touched in some way by this comprehensive legislation. It is estimated that there are 2.1 million undocumented workers in the United States with over one million of the undocumented population residing in the State of California.

To many, this new immigration law represents a chance to apply for legal residency in the United States after years of hiding and living in fear. To employers, the law represents a new and complex array of hiring regulations, including stiff penalties for each instance of knowingly hiring undocumented workers. There have been many questions and concerns regarding various aspects of this legislation, and today's testimony will help us better define the problem areas and arrive at solutions. In addition to examining the immigration law, we will also hear testimony from various agricultural industry leaders regarding the rise in agricultural imports and the tremendous affect it's had on the California farming industry.

In 1986, fruits and vegetables comprised almost a quarter (25%) of the competitive imports. Mexico and the European Community were the major sources of these imports. Over a quarter (27%) of the fruits and vegetables imported in 1986 came from Mexico, while about 16% came from the European Communities.

Last year, there were over one million shipments of fruits and vegetables into the United States, and less than one percent were inspected for quality and pesticide residues. A shipment that may have been denied access into the United States during the week can easily be driven through to its destination on the weekend when no inspections at the borders exist. And this is really a common practice.

Last year, I introduced legislation, Senate Bill 124, that would require certification of import wine and grape concentrates in order that the products imported into the United States meet the state health and safety requirements. The bill, which is a two-year bill, is currently in the Assembly policy committee. I might point out that one of the reasons I introduced the bill, there were 19 people that died in Italy from contaminated wine, which they had added ethylene glycol which we buy as anti-freeze. It's good for your radiator but it's not so good to consume. They did find high levels of toxic materials in the wine, including wood alcohol, which is methyl alcohol, that was added to some of the lower-grade wines in order to raise the alcohol content. I've tried



to make sure that California wine is produced in its natural form without these additives. Why should we have to have imported wine that is contaminated that has brought dangers to the health of many people?

Another bill SB 2160 which I introduced in 1986, was vetoed by the Governor on the grounds that funding for the program would come from the general fund. I have been working with the Governor's office to try to come up with a way that Senate Bill 124 could be passed and put into law.

I personally welcome the recent announcement of an investigation to be conducted by the International Trade Commission on imports of broccoli, cauliflower and asparagus from Mexico and their effects on growers in California and Arizona. I am confident that the investigation will show that growers and processors in Mexico have an unfair advantage due to much lower labor costs, little or no regulations on chemical use and safety restrictions. It is time for the United States to change its long-standing policy of trade with other countries that is built upon unequal tariff schedules and fear of retaliation. Government must continue to work with the agricultural industry to provide them with a level playing field in which the United States can more fairly compete with our foreign neighbors.

Today, we will hear testimony and gather information from sources within the farming community in order to gain their insight and expert advice on problems facing agriculture.

At this point, let me call on Assemblyman Sam Farr for his opening statement, and then we'll start right in with the scheduled witnesses.

ASSEMBLYMAN SAM FARR: Thank you very much, Senator Mello. I want to again thank you for hosting this hearing here in the heart of agricultural California in the Salinas Valley. As Karin Strasser-Kauffman said, it produces about one-tenth of the entire State's economy in agriculture, so we are vitally interested in it.

I serve as Chair of the Assembly Committee on Economic Development & New Technologies, and I really commend the Senator for forming this Subcommittee on the Senate side to look at economic problems in agriculture.

I see those problems in sort of three basic ways. They come from a background of having been involved when I was on the Board of Supervisors here and being in Sacramento, authoring the original labeling

bill, which is in policy committee in the Assembly, and is sponsored by by the State Farm Bureaus, and again, I think, demonstrated by this poster that we have here when we open the booth of the State Fair, sort of showing the abundance of Monterey County and the richness of this county.

The three areas of which I think you brought out in your speech, sort of the three phenomenons that are going on right now in California and the United States and the world are in three major areas.

I think the first is toxics phenomena; the second is what I call the human phenomena; and the third is the market phenomena. In toxics we are seeing the State and the populace of the State cracking down more so than any other state, to the point where California has more regulations what we can use, how we can use it, where we can use it, when we can use it, who can use it, than any other state in the United States; and certainly the United States' regulations are certainly stricter than our competing countries abroad.

In the human phenomena, I think we're really looking at "Hire America First", and all the immigration laws are trying to make sure that these people can become citizens and become Americans and be employed in this country. But we also have seen a shift in that human phenomenon from some of the basic services. I remember back when my father authored legislation requiring that the agricultural workers had sanitary facilities in the fields. And then the lawsuits that brought along the long-handled hoe. I think we've moved from tools and toilets to an issue now where we deal with housing, health care, child care, education and all the phenomenons that go along with people living and surviving in the California community, and these, again, are issues that California has done more in than our competing agricultural states and, again, those states have done more than the Third World countries, who are just trying to keep up with their own population growth.

The third major area that we are dealing with in economics is the market phenomena. And essentially, the United States and particularly California is producing more than we can consume. And if you look at the trends in 1950's when the United States' market represented 45 percent of the world's share. Today, the United States' market represents 30 percent of the world's share. So, if you're going to just keep pace with market in the United States, that you were doing in the '50s, you've got to go abroad to do that. And going abroad means that we have to make conditions so that our produce and products are bought by other countries.

At the same time, these countries, mostly agrarian, are looking to



how they can get access to United States currency and/or goods with what is known as "counter trade". And so we have this conflict in the market-places where we're trying to go abroad and at the same time, they're growing for the United States market and trying to get into that market, so that they can get their payments in dollars and they can go back and improve those countries' infrastructures.

So those are the three major kind of economic phenomenons that I think that we are going through. And as a society, it's going to take the collective wisdom of local government, and that's why the cities are here and that's why the counties are here, the State Legislature and the Congress; and frankly, it's going to take a lot of international negotiations because if we're to get an equal playing field, which is an equity issue of fairness, it's going to require that everybody on that field be fair to one another. We as a society are going to have to experience this all together and not hope that it can be delegated to someone else.

So, hearings like this are so absolutely essential to try to understand more about the intricacies of each one of those phenomenons as they filter down or as they bubble up from the local level. And I appreciate, Senator Mello, you having this hearing to get all those issues on the table. And I thank you for inviting me. Sorry that I'm not going to be able to spend the whole day here. I have a noon engagement and then afternoon appointments, but I would like to stay here until noon.

Thank you.

CHAIRMAN MELLO: All right, thank you, Assemblyman Farr. As we start our schedule of witnesses, let me also introduce another elected official from Monterey County, Jack Skillicorn, Auditor-Controller. Jack, nice to have you with us here this morning.

MR. SKILLICORN: Thank you.

CHAIRMAN MELLO: I don't know if I missed anyone but sometimes they say anyone that feels important get up and introduce yourself. (Laughter.)

MR. DAVIDIAN: Senator, I'd like to introduce Don Salins, who's our Regional Director for the Agricultural Labor Relations Board here in Salinas.

CHAIRMAN MELLO: All right, and welcome. Ben, I want to thank you for doing that. Anyone else that wants to introduce themselves or the person sitting next to you?

Okay, well feel free to do so.

All right, now we want to move down our scheduled list. And first, we're going to be calling on County Supervisor representing District 1

and a very good friend of mine and of course representing a lot of agriculture, Supervisor Marc Del Piero.

MR. MARC DEL PIERO: Senator Mello and Assemblyman Farr, ladies and gentlemen. First of all, Senator, let me express my deepest appreciation on behalf of me and the other members of the Board of Supervisors for your attendance here today and your holding this hearing to address those issues for Monterey County agriculture that are issues of importance, not only for 1987 but are going to be issues of importance throughout the decade of the 1990's.

I'd like to address a number of issues today, Senator, if that's possible dealing with a number of different topics, all related to agriculture. And I think that the most appropriate way for me to make my presentation is to just start from the beginning and go through those items that I have outlined and that I believe, and that my colleagues on the Board of Supervisors believe, to be important, at least as they relate to Monterey County and our perception of the agricultural problems within our boundaries.

The first issue that I'd like to raise today for my presentation is in regard to legislative priorities that the Board of Supervisors has initiated or will be initiating at the Board of Supervisors' legislative session.

I'd like this to be a brief comment as an aside, that Assemblyman Areias, who represents a portion of the Salinas Valley, has indicated he is willing to carry legislation amending the authorizing statute for the Monterey County Flood Control Water Conservation District that will allow the Flood Control and Water Conservation District through the county to control runoffs generated from urbanization that are having downstream adverse impacts on agriculture.

This issue has been discussed over the past several years and I think was originally raised at hearings that you held, Senator, over in north Salinas about four years ago. We have come to the conclusion that an appropriate method of dealing with the problem is to have a requirement incorporated into our legislation, so if you and Assemblyman Farr can see your way clear to reviewing that and supporting it, we would be most appreciative.

The Monterey County Board of Supervisors also would like to just indicate to you that through our legislative committee, which consists of Supervisor Karas and myself, we are going to be proposing to the Board that the Board initiate a legislative priority, requesting the State



Legislature to do two things. One, to require printing sources of origin for agricultural commodities on the packaging that they come in, and additionally, we would like to have all agricultural commodities labeled as to whether or not they met the pesticide inspection requirements that have been established by the State of California. It is our personal opinion that Monterey County agriculture, and for that matter, all of California agriculture produces a real sound good healthful product. We need to insure that the general public has the opportunity to choose between products that are prepared and grown under the strict standards which have been established by the State of California as opposed to those products that have not met those standards.

We are most appreciative to you, Senator, for legislation you carried last year in regards to grape, actually it was grape products and limitations on imports in regards to the health issues as they related to the tragedy that took place in Italy which you commented on earlier. But we believe it should be expanded throughout the agricultural industry to all agricultural commodities. This is not really an agricultural issue, this is more a health issue, but it is an issue that I think as Assemblyman Farr indicated is one that is placed high in priority by the residents of the State of California. And my comments in that area reflect that.

Additionally, I'd like to address three other areas: protecting farmlands, the issue of water supplies and the issue of marketing.

First of all, in regards to the protection of farmland. My colleague, Supervisor Karas, will be getting up and making some comments, too. We were sorely disappointed that the Hannigan bill did not pass last year in regards to the modifications to LAFCO regulations and LAFCO authorizing legislation. We had hoped it would pass because there was going to be some language in there dealing with protection of agriculture insofar as LAFCO would stand on that. We had hoped that you would be willing to at least investigate and eventually pursue some of the recommendations that were enabling LAFCO to act to protect farmland legislation.

Supervisor Barbara Shipnuck, who is currently serving as President of the California Supervisors Association, is in the process of initiating a committee of county supervisors to review the current appropriateness of the Williamson Act and to make technical recommendations to changes of that act in order to be able to more properly deal with the current circumstances involving both agriculture and local government. That act now is almost 20 years old and has been a very significant boon to farmers and the individuals involved in agriculture in this state for



almost the last 20 years. It has been a significant benefit to local government inasmuch as it has insured the long-term preservation of a significant number of our agricultural resources. But because the legislation now is going on 20 years old, it does need some minor modifications, and the CSAC committee that will be dealing with that issue shall be bringing some recommendations into the State Legislature that will be anticipated around February this year. We hope that you will be receptive to reviewing this.

In regards to our ground water situation, two years ago, you held a public hearing. We had a great concern about salt water intrusion and that concern has not been abated. However, we have made some extraordinary efforts in terms of attempting to deal with salt water intrusion. One comment that I would like to make at this point, is there are a number of agencies that have to deal with the problem of salt water intrusion and the problem of contamination of ground water supplies. Counties are the most likely candidates because we obviously have jurisdictions over larger areas; but the State of California clearly is the only agency that can take the lead in requiring not only counties but municipalities to deal with the concerns about ground water contamination. Problems like salt water intrusion happen to be experienced here in Monterey County, but also, the problem of ground water mining. And I'd just like to comment on that.

We have had an overdraft problem in Monterey County which has now manifested itself as salt water intrusion particularly in my area of Castroville, and since we generate about 90 percent of the artichokes that are consumed nationwide in my supervisorial district, that is a serious problem, because the area most directly affected by salt water intrusion is at the primary growing area.

It is incumbent not only on county government, but on cities to recognize that they have to require their rate of growth to correspond with their available resources. And most municipalities around the State of California, as with Monterey County, rely on ground water as their source of potable water for their expanding population. There is nothing intrinsically wrong with the municipality of growth. That is the basis, if you will, of the economic welfare of the urban population of our State. The problem that presents itself is when municipalities grow without regard for their available resources.

County governments in the past have been forced into the position of recognizing that they have to either find regular unavailable or their own available resources. Unfortunately, in a number of situations, not only

in Monterey County, but throughout the State of California, municipalities have not seen it that way. There has been an ongoing desire that is regularly manifesting itself in the north and south fight over water. If you continue developing without regard to that most important resource, water, there needs to be emphasis placed on at least in the ground water area, a requirement that development correspond with available excess that happens to be within the particular aquifers that the municipalities develop. If we continue to mine ground water in the State of California, we're going to have a serious problem and that particular issue has never really been addressed, even in the Water Code. But I'd just like to raise that one comment in that area.

There are going to be a number of individuals here today, Senator, that are going to be talking about the labor and immigration problems, which is perhaps the single most important issue at this point in time to representatives of agriculture. Perhaps if not the single most important issue, it shares importance with the import problem and the export problem that agriculture is currently having.

More from the standpoint of labor supply, which is really the key to Monterey County agriculture, it is very important to allow farmers and agricultural operators within our county and within the State of California to be able to go on with their business without having to worry excessively about insuring that their labor supply is not going to disappear from one hour to the next. That is a burden no business should have to bear. Unfortunately, that is the circumstance currently, because of the new immigration law that has passed. There is a tremendous amount of education necessary, not only for employers, but for employees so that both parties can properly exercise their rights and duties to insure stability in terms of the work force for agriculture in Monterey County.

There is a significant role, I believe, for the State to play in terms of providing that education and I commend you, Senator and Assemblyman Farr, for the tremendous efforts that you all have made in that area, in providing information to local growers on the compliance with the new requirements of immigration. I would also like to just point out that there is going to be an ongoing need for additional education and additional assistance, particularly in getting individuals' paperwork processed so they can, in fact, take advantage of the legislation.

Singularly, that has been the biggest problem for local government, in finding the revenues to pay for the assistance that is necessary for



individuals to be able to process their paperwork. We have experience on a local level, a deluge, if you will, of applications after the act went into effect, and that is ongoing. We need to have some methodology established to be able to deal with this crunch period, at least for the next 18 to 24 months.

Last area I'd like to touch today, Senator, is the issue of exports and imports. As I indicated earlier, I think Monterey County and the State of California produce a great product. Our agricultural commodities are, as reflected by the poster that's positioned in front of you, some of the finest in the world. We don't have to apologize for the quality of product we produce. What local government wants is to insure that the State of California recognizes that agriculture in Monterey County, or for that matter anywhere in the State of California, has an equal footing with agricultural commodities that come from outside of the country and outside of the State.

We have regulations in this State that have been requested by the residents of California, that have been deemed appropriate by the State Legislature, that have been signed into law by the Governor, that require very strict standards in terms of agricultural commodity production. They have very strict standards with regards to pesticide inspection. We think, we the Monterey County Board of Supervisors thinks, that if it's good enough for the growers in California to have to comply with, it ought to be good enough for everybody to have to comply with. Because the bottom line is, all these agricultural commodities, irrespective of whether they're grown in Monterey, California, or Monterrey, Mexico, are consumed by our constituents and our residents, our mutual constituents and our residents, and they deserve -- no, they have a right to have those food stuffs that they consume guaranteed as to be as healthful and free from contamination as those of us involved in government can make them. And so, from that standpoint, Monterey County and the Monterey County Board of Supervisors in conjunction with the Central Coast Ag Task Force and Monterey County Farm Bureau, have made significant efforts in the marketing area for agricultural products. In the poster you see incredible products which is one of those efforts where we committed Ag dollars to our economic development to generate promotions for our agricultural industry.

But those promotions are only half the effort. The other half of the effort has to be in placing Monterey County agriculture, as well as California agriculture, on an equal foothold with those competitors from

foreign soils, who are significantly less regulated from a public health standpoint than we are. And so I would strongly indicate again, my compliments to you for your effort -- your initial efforts in this area and I have a great desire on behalf of my board to see to it that appropriate labeling, both in regards to origin and in regard to pesticide inspection is required for all agricultural commodities, so that the residents of our State and the consumers of our State will get a real choice.

Thank you, sir.

CHAIRMAN MELLO: Thank you very much, Supervisor Del Piero. I like your statement of equal footing. I've been using the word, level playing field, and if we can have equal footing on a level playing field, maybe we can get our message across. We will be meeting with your board, as you know, on the 8th of -- well, next Tuesday, I guess it is. We'll be going over your legislative items. Assemblyman Farr did introduce the point-of-origin bill last year that required labeling and Sam, did you want to --

ASSEMBLYMAN FARR: Thank you. I would just like to explain a little bit of one of the problems, and, Henry, I want to thank you for providing this letter written to John Dingle from the U.S. General Accounting Office that's in our packet, because I think it does a very good job of outlining Representative Dingle's request. He's Chair of the Subcommittee on the Oversight of Investigations on Energy and Commerce, and essentially, what that letter points out, Marc, is a lot of the difficulties we're having. And that is, that the FDA which is responsible for regulating imports, says, that they don't even know or have information as to what chemicals are being produced in foreign countries. So the intelligence of what goes on offshore is very weak in the United States. In order to market products here, they have to pass inspections. But that's sort of a moment of -- as long as it looks good when it goes by the inspector, it meets the criteria that we set, then it can be sold in the United States. How it was grown and handled up to the point or day of that inspection can be contrary to the way we require things to be grown. And so, what we've tried to do in the Legislature, and I've authored, is at least to have in our grocery stores and supermarkets where you have fresh produce to label that this was foreign grown.

The irony is that every case of produce that the supermarket receives has a label on the box where it was grown and packed and what we find is that the retailer has not wanted to give that information to the consumer.



Unless the retailer believes that it will be enticing, such as Belgian endives, or some kind of exotic foreign label, that will be able to bring a better demand. So, the difficulty with getting the bill adopted is essentially two-fold. One is that the Grape or Fruit Tree League, which are big importers, some of the members of that association live here, do their business here, but happen to also do business in Mexico and other countries of the world; they don't like this idea of labeling their products as foreign, because they think it's going to have a negative effect on the consumer.

And secondly, the grocery store chain operators feel that it's labor intensive to have to be able to label and that may affect the marketing of the product. They've opposed the bill. But I think that there's a growing awareness that the American consumer ought to know where these products come from. Right now, our problem is, we live in the heart of this valley, and there are still probably a majority of Monterey residents that can't tell you what products are grown in Monterey County and what products are grown in Mexico. We've done a very poor job in public policy of making that known. Because if we're really going to preserve agriculture as I know you've been dedicated to doing on the Board of Supervisors, and certainly, fighting the latest issues, to get the consumer awareness up there to realize what agriculture is producing and that's why the origin and label bill, I think, is a good public policy piece of legislation.

MR. DEL PIERO: Senator, I have a comment --

CHAIRMAN MELLO: Yes.

MR. DEL PIERO: I appreciate all the comments you've made, Assemblyman Farr, and I know that those are the comments that you receive and you have received during the course of your pursuit of the special legislation. Let me just make a couple of comments in regards to -- or in response to those observations. The concern articulated by those individuals that perceive a labeling requirement as being perhaps detrimental to the marketing of produce is a valid concern. I think that's the point. The point is that the California consumers, I believe, are more likely to consume California products if they know what those California products are.

That is not a good reason to refuse to give the public the information they deserve to have to be able to make the kind of choices as to what kind of products they wish to buy and consume. And that's really the issue. If the argument is saying, well, we don't want to comply with this



label requirement, because it may have a detrimental effect on our sales, my response to that is, so what? If we're going to have a free marketplace, a free marketplace is predicated not on -- on caveat emptor, that's all wrong. A free market is predicated on consumers, educated consumers knowing what they're purchasing. If government or those individuals have the ability at this point to limit access of information to the general public and are doing that simply to preserve their position in the marketplace, that's intrinsically wrong.

ASSEMBLYMAN FARR: Well, you're speaking to the choir here, because we're all supportive towards labeling, but I'm saying that the community out there, the business community, doesn't necessarily feel as you and I do -- as Senator Mello does.

MR. DEL PIERO: Let me just make one additional comment, if I might. Monterey County agriculture, in particular, is significantly threatened by foreign imports with cauliflower and broccoli -- normally those cole crop products that historically have been significant in Monterey County. We have a billion dollar a year industry as you heard earlier. There is a growing interest on the part of producers within Monterey County to seek agricultural opportunities outside this country. There is an effort being initiated by a number of producers to move to Mexico and to Central America for the production of agricultural commodities because they recognize that those producers that are in those foreign countries are competing very favorably against them, when they are producing products in Monterey County.

That is a serious problem that needs to be remedied. You can't criticize them for moving to Mexico or to Guatamala or to Costa Rica if they can find cheaper land and cheaper labor and fewer governmental restrictions in regards to their production. When there's no assistance being provided here to insure that those products and commodities that they produce here are properly labeled so that everyone knows exactly the quality and high standards that they have, and that really is the issue, that exodus is going to become more and more aggravated and become greater and greater unless there is some action taken to assure that those producers within the State of California are afforded the recognition as to the high qualities and standards that they adhere to. And, I'm afraid that what may be happening is you're getting somewhat of a circular argument: that producers are out here saying we'd like to have labeling; the retailers are saying no, we don't do that because when we have head lettuce from California or from Yuma or from somewhere else in the United

States, we want to utilize the stuff that comes from south of the border, but we don't want to have to label it because we don't want anybody to think it's not as good a product as we have in the marketplace the majority of the year. And those arguments are going to be counterproductive for agriculture in this State, long term. They're going to be counterproductive for the producers, long term too.

CHAIRMAN MELLO: Okay, Marc, thank you very much for that. Next, we have another fine friend, a Monterey County Supervisor from District 4, a staunch supporter of agriculture here in the county, the Honorable Sam Karas.

MR. SAM KARAS: Thank you very much, Senator Mello. Assemblyman Farr, other distinguished panel members, ladies and gentlemen. Just for the record, I am Sam Karas and I'm the Fourth District Supervisor in Monterey County. And although I have no agriculture in my district, like many others, I do share a great concern about any threat to our county's number one industry.

Also, I'd like to thank you, Senator Mello, for having this public hearing on this very vital issue, and also, may I take the opportunity to thank your aide, Kathy Huston, for allowing me to schedule this chance to give my input at this particular time because I have a tough schedule today, and also she's done a terrific job. For your information, I've also given her some lists of evidence that I think are very relevant to today's discussion.

One is a chart of export-import figures by commodity by pound from the year 1979 through 1986. Also, I gave her a copy of sample costs to produce one acre of cauliflower for the fresh market in Monterey County. If you have the time to read it, it would be interesting to see what the cost is. And it's a really complete breakdown of the cost from the moment they start from the equipment operator all the way down to where they finally produce that one acre. And also, it's the same sample costs on the fresh broccoli.

CHAIRMAN MELLO: If you have copies, the press might be interested in --

MR. KARAS: I'll get copies to the press.

CHAIRMAN MELLO: -- if we have others.

MR. KARAS: I'll be glad to.

CHAIRMAN MELLO: It makes good reading. But I think the real fact that the imports have gone from -- like on broccoli --

MR. KARAS: Well, I'll give the breakdown on that in a minute,



if you'd like.

CHAIRMAN MELLO: Yeah, go ahead.

MR. KARAS: Okay. I think we're all aware that this threat manifested itself in the early 1980's when imports of frozen broccoli and cauliflower began arriving in our country in substantial quantities. This condition was partly created, as you all know, by American companies investing in processing plants, especially in Mexico and Guatemala. What made it attractive for these companies to locate in these countries is, of course, the low cost of labor and, I think very important, the unregulated use of pesticides which we require of California produce growers. How great is the threat can be best illustrated by the following figures regarding frozen vegetable imports and the figures, just so you know, are a total U.S. pack; it was done by the American Frozen Food Institute and the figures on the total imports were done by the United States Department of Commerce.

In 1979, in broccoli, the total U.S. pack was 298,618,000 pounds, while the total import was 15,451,000 pounds. In 1986, we jump to 365,000,000 total U.S. pack; but, the total import became 150,000,000 pounds. In brussels sprouts, in 1979, the total was 61,353,000 pounds; the total import was 2,634,000 pounds. 1985, we dropped to 44,735,000 pounds and the total import went up to 7,913,409 pounds. Cauliflower, which really is another one, in 1979, the total U.S. pack was 101,130,000 pounds, while the total import was 10,010,000. In 1985, we dropped to 94,617,000 pounds, while the total import jumped to 36,823,083 pounds. So you can see the impact of what's happening as far as imports go.

I think one thing that many of us in this room share is what would happen if one of our major produce producers were to relocate in Mexico to take advantage of the low cost of operating there. First, I think there's no doubt that our economy would suffer great financial repercussions if this were to happen. It would mean the loss of thousands of jobs and would drastically affect those involved in related industries. Many persons in our county would lose homes they have worked so hard to obtain.

The county welfare rolls would increase greatly due to lack of employment with these displaced workers. Lending institutions, retail stores, car dealers and many small businesses would suffer financial problems. And our county would be forced to curtail needed programs due to this significant decrease in revenue. So what can be done to halt this kind of threat?

And I think you've already explained part of it and it's very important. First, you as legislators must approve legislation requiring country-of-origin labeling on all imports.

Allow me to digress for one minute. I think some of you know that I lived in England for awhile and let me tell you, when you go to a retail store in England, the labeling is right there for you to see. That bananas came from Israel, and that such-and-such came from Saudi Arabia. The labeling is right there in front of you and I think it's important Assemblyman Sam Farr says the retail stores may have an adverse feeling to do this, then I think it's apparent and it's necessary to educate the retailers that it's necessary that we do this in the State of California. It's very important that we all know what goes into our stomach. And I think that's a great concern that many of my constituents have, and especially in the Fourth District, and I hope it's throughout Monterey County at the same time.

Also, another thing that bothers many of the local growers is that you should demand that the same type of pesticide be required for all imported products, just as we do for local growers. I really feel that we're placing the local growers at an unfair advantage or competition because the country's allowed to have the illegal pesticides. And again, I think that's important because of labeling. If the public knew the type of pesticide that was put into the product they're buying in these foreign countries, I think they'd have a great concern.

Also, allow me to tell you that on March 30, 1987, the Subcommittee on Domestic Marketing Consumer Relations and Nutrition held a hearing to review country-of-origin labeling legislation. Witness after witness testified as to their concern over the glaring gaps in the United States pesticide investigation and enforcement operations. They were concerned that with these deficiencies they'd be exposing consumers to unacceptable health risks, and place U.S. farms at a competitive disadvantage with foreign growers who may be able to use pesticides banned for use in the United States.

There'll be many people here today to testify who have the same reaction I have. But, I think it really behooves you to consider the labeling with the country of origin. And I think it is also a great concern of the Board of Supervisors that we do not place the local growers in unfair competition with everybody else.

Thank you very much.

CHAIRMAN MELLO: Thank you very much, Supervisor Karas. Let me ask



both you and Supervisor Del Piero, if you have any written comments, if we could make a copy and present them to the desk chair that's recording, that way it will help in making the transcript possible.

Now we will start in with our testimony on Immigration and Naturalization Service, Employer Labor Relations.

I want to thank you for being here and welcome you to our hearing here this morning.

MR. DICK CUNAN: Senator, thank you for the invitation. And I very much appreciate your comments about being able to rely on experts to answer the questions. You have two good experts here with me, Mr. Bob Logazino from the Border Patrol, dealing in the area of employer labor relations and enforcement, but primarily with the educational area at this point; and also, Mr. Tom Maddry, who heads up the legalization office, which I'll touch on briefly.

My role up here is to speak as a generalist, to give you an overview of what happened to get this law passed in the first place, and what's happened in the last year since it's passed. And what I would like to do, rather than go through 12 pages of testimony that Commissioner Nelson gave before the Appropriations Committee last month, is to put into the record, if I may, his statement, along with the charts. And I will just give you the overview on that testimony, which is the update.

CHAIRMAN MELLO: We sure appreciate that. That will be made part of our record, then.

MR. CUNAN: In addition to that, I'd also suggest that you might want to look at, and I have a copy of it, for the record, if you choose to put it in: the General Accounting Office report, which is required under the law each year for three years, and this is the report that is to establish the fact that the law is being enforced and is effective and is not discriminatory and does in fact do what it's supposed to do in a non-burdorous way. And that report I have here available for the record.

I also have one more article from the California Peach Association Quarterly Report that's entitled, "IRCA -- Why It Will Work", and I would also hope that you would put that in the record. I know it's a good article because I wrote it. (Laughter.)

What I'd like to do is put in perspective a lot of things that turn out to affect so many issues in our society as it relates to labor that we often get hooked on the side issues rather than the main issues. If you look at this act from the year 1972 when the first very serious attempts at getting immigration in this form passed, all the way up until its



passage in November of 1986, you'll find that there were deep philosophical and political splits on what should go into its finished form. And the operative word is its form. And it wasn't until 1986 that it passed, I believe, because there are these grave differences of opinion as to what it should entail.

The reason why it passed, I believe, is that things got so bad that what used to be cliches became a fact of life; such expressions as "the borders are out of control"; the immigration policy of the United States is set by the criminal element that wants to get people across borders; there are jobs that are being dried up by low-cost labor, in some cases, and yet there's job shortages in others, and there are a number of benefits and entitlement programs that are being raided, if you will, by the people who come across the borders for the sole purpose of availing themselves of those benefits. So the balanced approach that was taken by Congress, and this was not an easy approach, was to, for the first time, put sanctions into the law which made it illegal to hire someone who was illegally in the United States. So the illegal alien had protection prior to this act, knowing that no employer would have to worry about hiring them, unless he was smuggling them, because they were protected by the need for low-cost labor.

On the other hand, there were a lot of other people, millions to be exact, that came across the border, not just from Mexico, which is only 55 percent of the problem, but they came in on 747's with first-class steerage and \$10,000 worth of forged documents, also.

So, a lot of people came across for economic improvement and have a franchise, if you will, in this country for a number of years, and so there was a provision that was put into our legalization of those people, who have contributed to this society and who have maintained quasi-legal status, if you will, even though they were here illegally.

The other part of that equation is the particular attention that was paid to agriculture. Part of the philosophical split revolved around the issue of whether or not agriculture should have some special considerations. And the fight was along philosophical grounds, as well as political grounds and to oversimplify a very complex problem, on the one side were human rights issues dealing with people in the work place, the rights of workers, immigrants' rights groups and minority rights groups. On the other side were the economic issues, need for labor, competitive environment within which agriculture could compete with those issues that we will bring up today in the second half of this hearing.

Those two are not mutually exclusive, but they do give you the split between the different viewpoints that came down in the passage of the legislation. Agriculture won in this respect. The legalization process, is normally, for someone who has had what we refer to as a franchise in the United States, for having been here for five years roughly until now. In agriculture that only requires 90 days in the year prior to the passage of the act.

Also, in the legalization process there's a one-year window for those who were not in seasonal agriculture. Seasonal agriculture workers have an 18-month window to come in with their legalization applications.

And, finally there's the issue of enforcement of sanctions. Sanctions theoretically began the day the act was passed. It's a violation of the law, but in fact, they are deferred for agriculture -- this is seasonal agriculture -- until December of 1988.

Those were big concessions to people who felt that agriculture did not get particular consideration, and eventually Congress realized that we do have a different set of problems out there, you do have seasonal issues, you do have high peak and high labor-intensive issues out there.

On the positive side of the legalization, one of the greatest fears was that people who came forward to legalize would not want to deal with the agency who traditionally has spent their livelihood measuring the effectiveness on how many arrests they could make, or how many deportations they could make.

The law set up what was known as qualified designated entities (QDE's), such as church groups, people who had traditionally worked with immigrants, people who could allay the fears that this was not a sting operation, but that this was a true legalization process.

Perhaps, it's a testimony to the learning power of the Immigration and Naturalization Service, but with a group of people and professionals, as Mr. Logazino will explain later, 85 percent of the applications came through the legalization offices directly to INS and roughly 15 percent outside. Now, there are a lot of incentive reasons for that, but basically that should allay any fears that there are substantial number of people who, for that reason alone, have postponed applying for legalization.

I called back to Washington this morning for current numbers, and a total of 1,510,606 legalization applications are in process right now. For all intents and purposes, these are the ones that are not denied. These will go through. They'll be some glitches on a few of them, I'm

sure, but basically, these will be approved.

Of those, there were 211,984 that were "SAW's". These are the special agricultural workers, the seasonal group that are so critical to our industry here.

Now, that's national. The western region which includes California, Arizona, Nevada, Hawaii and Guam comprises 606,449 of that total 1,000,000. Of that 606,449, they don't have exact figures, but the vast majority are in the State of California. And of those 606,449, 102,000 will be SAW's and again, with the majority from California.

And the reason why this is important to put in perspective is when you look at the original reform of the act, and the objective of drying up the job market then you're actually getting to the root of the problem. We were at the point where the words, national sovereignty, were required in testimony before Congress as being in jeopardy, because when you have a situation where in 1964, across one 22-mile segment of the Mexican border near Tijuana, there were 6,400 apprehensions of illegals, and last year there were 629,000 across that same border and 22-mile segment. That's too big to ignore. That defines anything in terms of social and philosophical issues of what our immigration policy should be.

The other element that I mentioned earlier is the objective of denying benefits to the entitlement programs. That is, although a minor issue in terms of the overall reason, it became a rallying point for a number of varied economic fiscal objections of certain Congressional groups.

In a test pilot program, I believe in six cities, I'm not sure, approximately \$100,000,000 were saved in deferred costs that were not allocated to people which were not eligible simply because they were illegal. And that was a test pilot program. I could not guess what the total would be, but I'm sure it would be over one billion dollars nationally.

The Commissioner committed to 1,000,000 personal contacts with employers in the first year -- it is not required by law, but if you know anything about Mr. Al Nelson, you know that he is a practical person, he has both a business and state legislative and administrative background, having been the Director of the Department of Rehabilitation of the State of California, and having served as Chief Counsel for Employee Development Department. As Commissioner of Immigration and Naturalization Service, he has mandated and he enforces and if you don't believe it, you learn very quickly when you come on board, that the name of the game is flexibility and we don't have the answers, we only have the problem out there with



an approach to it that is legislative in nature, that has to be enforced so that it is effective, non-discriminatory and also one that works. Towards that end, using an IRS mailing list under contract, seven million copies of employer handbooks were distributed. That's out of approximately 9½ - 10 million employers within the United States. And in addition, over a million were distributed by hand in response to inquiries. There have been more than 300,000 contacts and 1,000,000 projected as I mentioned, but those are only real live contacts. If you take the residual audience, the people, trade associations, and the unions, and immigrants' rights groups and others, you would find that we have millions of people who got direct first-hand information from INS.

There's on-going coordination with federal departments that have been impacted by the law, particularly the Department of Labor, the Department of Agriculture, the Department of State, and in these contacts, you have an inter-agency clearing house that addresses issues specifically, such as ag labor shortages. I'm sure this will be something that will be part of continuing actions, particularly by state agencies as well as the private sector.

The public information arm is under a contract with what we call the Justice Group, which brought in immigrant rights groups that formed a consortium to get the word out primarily to minority groups.

Mr. Maddry, I hope, will touch on these kind of activities which he's engaged in to get the word out to all these people that need legalized assistance.

In '83, there were 1,033,000 apprehensions; in '86, there were 1,650,000 apprehensions. At the same time within that same river of humanity that was flowing across, there were in the border patrol 14,000 criminal alien apprehensions. And remember these are apprehensions. This is the tip of the iceberg assuming that there are four or five times as many getting through. In the Immigration Investigation Division, there were 12,500 apprehensions of criminals. Those two shot up last year to 17,000 in the Investigations Division and 15,500 in the border patrol. That's almost 40,000 criminal alien apprehensions. What does this mean? I don't know but I can give you speculation, and that is as the enforcement capability increases it adds to the number of apprehensions of the gross numbers of what we might want to call benign immigrants or illegals, although don't say that in front of a border patrolman who has 65,000 apprehensions a month. But, of that percentage, the larger percentage of criminals, I believe, is due to better enforcement activity.

Applications went down between 10 and 50 percent throughout the year right down to June. In June, it shot up to less than 10 percent under the previous year. People were fearful on this side of the border because workers were not coming forward for the jobs that they had normally sought because of this fear of apprehension. And yet people were crossing the border. Then when the word got out to the public that there were jobs to be had, they started crossing in the traditional manner. That touches collaterally on another issue, and that is the one of legalization and the family unity issue. There are a vast number of people that cross back and forth that do not qualify for legalization because they haven't been here for five years or they didn't work at least 90 days in agriculture.

There are large numbers that are involved in split families already, that go back and forth, that may or may not qualify. Much of the hue and cry we hear of the family/parent issue touches upon a husband or wife who qualifies for legalization and the other doesn't. Some proponents of this legislation, people strongly in support, will tell you that this is a family unity issue, overlooking the fact that these are primarily split families to start with. There are a lot of legitimate concerns where there are split families only for a short period of time, rather than on-going.

But the point is, we have a legal system which directs how people come into the United States for legalization. We have people who are on the waiting list that represent upwards of 300,000 - 500,000 weekly from Mexico alone. They've been there for between 10 and 15 years, sometimes only 4 or 5 years depending on which list they're on. From the Philippines, 300,000 to 400,000. Nations throughout the world are on waiting lists to come here legally and these are people who have stood there and before a nation of laws tried to get in legally, and then Congress passes this act which has a prerequisite to being legalized that you have to have been here illegally. And on top of that comes an issue like family unity that says how can you break up families by not allowing one person to legalize as a derivative to another person's legal status. And the simple answer is it was left out of the act. This was not a oversight -- I think it was Congress. When you look at it, they were buying a pig in a poke to the extent that nobody knew how many illegals there were out there, which is one of the sticking points of the act. Not only did they not know how many were out there, if you look at the family/parents issue and you take the lowest estimate around, which is 300 million at least, and the highest, which is 1200 - 1500 million, and say what is the multiplier factor for

people who come in on the derivative status, Congress did not address that.

And with that, I will conclude my testimony.

CHAIRMAN MELLO: Thank you. Let me ask you a question and hope I get a brief answer on it. We need to work six more speakers in by noon, and so we're going to try to limit each one to 10 minutes or less and try not to be repetitive if you're those that will be following. But what I wanted to know was, you gave some statistics nationwide by region. Do you have any or will some of the other speakers have statistics here for Monterey County?

MR. CUNAN: Yes, Mr. Maddry.

CHAIRMAN MELLO: All right. You have those. I'll be interested in hearing those. Secondly, I've had a lot of complaints about the spouse eligibility and I've heard that families are put into jeopardy if a spouse of one person is eligible and the other spouse is not. What happens then? Are they deported? Can you deport the ineligible spouse?

MR. CUNAN: You can. The question is what will happen. I think that Mr. Maddry will touch upon it.

CHAIRMAN MELLO: All right.

MR. CUNAN: But basically it works like this. There are problems with going around other than a case by case basis. If you blanket by derivative status for every spouse, then there are about 20 - 30 other sub-issues, everything from marriage, fraud, to fraudulent documents that go along on that subject; that's one of the reasons why there's complaints. The second reason, as I already mentioned, is that there are legal provisions for bringing the other spouse that's involved. To the extent that one spouse goes up -- and the records are confidential -- for the legalization process and the other spouse is in no more jeopardy prior to the first spouse going for legalization. If they don't qualify, they then can make application within the system, and they will stand in line along with these others I mentioned.

CHAIRMAN MELLO: But they are not put in jeopardy in the interim period.

MR. CUNAN: They are not put in jeopardy. If they are apprehended, the apprehension would be totally independent from the legalization status.

CHAIRMAN MELLO: Okay. Thank you very much. Assemblyman Farr has questions.

ASSEMBLYMAN FARR: I have one question. Has the service done any study as to how many of the people are coming here for ag jobs versus non-ag jobs?



MR. CUNAN: I don't believe there are records per se. Assemblyman, I cannot answer the question. I can get for you the numbers that will indicate those that went through the Calexico Station that was opened up specifically for the purpose of helping the ag situation. See, the problem is that's a sampling.

CHAIRMAN MELLO: A few months ago I don't know whether it's still relevant or not, but I was somewhat surprised in a number which indicated that only 8 percent of those undocumented workers that are here are working in agriculture.

MR. CUNAN: I'm not sure the 8 percent is correct, Senator. It could be; but the last time I heard, it was 18 percent. That was a gross number and had to do with --

CHAIRMAN MELLO: I think our thought is a lot of people just think everyone coming over is working in agriculture.

MR. CUNAN: Somewhere between 8 percent. Those numbers shifted, though, as they came across the border.

CHAIRMAN MELLO: Well, they find the seasonal nowadays working in agriculture and in some commodities which is very hard work. And in Silicon Valley, they put this out last year, 28 percent of the employees working in the electronic industry were undocumented workers.

MR. CUNAN: I wouldn't want to refute that. It doesn't sound too far off.

ASSEMBLYMAN FARR: If the service has any information on that breakdown, I'd appreciate it.

MR. CUNAN: Okay. I'll make sure of that.

ASSEMBLYMAN FARR: In care of the State Capitol in Sacramento.

CHAIRMAN MELLO: All right, thank you very much. We appreciate your testimony.

Let me introduce Lou Angelo, who just arrived from Los Angeles. He is the Principal Consultant for the Senate Select Committee on California's Wine Industry, a new committee that was just started, chaired by Senator Alquist, and I'm honored to be the vice chair of the committee. And I also have the other honor of representing the area that has more wine growing than any other county in the State, which is Monterey County, now surpassed Napa, Sonoma, Mendocino. And when you add San Benito, Santa

Clara and Santa Cruz County, this is by far a very large area and, Lou, we appreciate your coming here.

MR. LOU ANGELO: Thank you, Mr. Chairman.

CHAIRMAN MELLO: All right, now we'll continue on with our next scheduled speakers, and as I indicated, we're now about 52 minutes from lunch and once we hit 12:00, the audience doesn't listen too good, and neither do members of the panel, perhaps. So try to not be repetitive to the testimony that was entered before you and try to hold your remarks, if you can, to around 10 minutes or less.

Next, we have Mr. Tom Maddry, Legalization Officer from Salinas for the Immigration and Naturalization Legalization Offices. I want to welcome you here this morning, Tom.

MR. TOM MADDRY: Thank you, sir, and ladies and gentlemen. I'll try to be brief as I can.

First, I would like to thank you for letting me show up here because I need all of the help I can get, encouraging the illegal aliens to come forward and apply for legalization. That's my total function in the immigration service, is to assist those people in legalizing their status. If there is a question involving a sanction, my office does not answer it. We report it to one of the other offices. If it's a question regarding a petition that's submitted for bringing someone else in, that goes to another office. We work only with the legalization. We are not knowledgeable enough in the other phases of the immigration law and work to answer questions intelligently, and I'm not going to allow my staff to put out information that we do not know is completely accurate. So if questions regarding other phases of the immigration are presented, we refer them to someone else. We deal only with legalization.

Now, as to my own background in connection with this legalization program, I worked for more than 30 years with the Border Patrol and retired. And came back specifically to work this legalization program. It's a far cry from what I did as a Border Patrolman because here we're leaning over backwards to help these people qualify for legal status. If a person applies on the one phase of the law or as a pre-1982 applicant,



and he is not able to prove that, and we can go back to him and show him where he can qualify as an agricultural worker, we will do that. We will urge him to submit another application or to withdraw his application. We are doing everything that we possibly can to encourage these people to come in, and once they come in, we are trying to help them any way we can in proving that they're here legally. We're having problems getting work records on employers. A lot of the employers either didn't keep work records or they are reluctant to make them available. We must have these work records. Without the work records, the individual simply can't prove that he's been here. And unless he can prove that he's been here, working in the proper industries, there's nothing we can do for him.

So, we would urge the employers to make available to these people, copies of the records so that we can grant them legal status. Our office is different from most of the other immigration offices in that all of our people are either retirees who've come back, who have a good knowledge of the Mexican person, or they're people from the local area, who understand the problems that the illegal alien is faced with. I'd say 15 of my 19 people are from the local area, most of them are Hispanic. So here again, the service is doing everything we can to legalize these people.

Now, basically, we have two groups of people who are eligible for legalization. One group are those people who have entered the United States and have resided here since 1982, January 1, 1982, in an illegal status, regardless of where they've worked, what they're doing, they must prove that they're self-supporting. We don't want any professional welfare recipients or that type of people. They must be part of the work force. The second group that we have are the agricultural workers. There are two groups of those: first is the group that must have worked 90 days and lived in the United States three months -- or six months -- during the years ending May 1, 1984, May 1, 1985, and May 1, 1986. The second group of agricultural workers are those that must prove that they have worked in the agriculturally related industry for only 90 days during the 12 months ending May 1, 1986. They don't even have to have resided in the United States. They must be able to prove that they have worked here.

Now, as I said before, these people are having a lot of trouble proving that they have worked because of the lack of records or the employers' reluctance to make those records available. My office covers only three counties. It covers Santa Cruz, San Benito and Monterey. And yet I am told that we are the second busiest office in the United States with agricultural workers. Not the second busiest office overall,



because many of our Los Angeles offices have three or four times as much work as we have applicants. But I have some statistics here that I will present in a moment that will explain our workload.

CHAIRMAN MELLO: Is this for the three-county area?

MR. MADDY: Yes, sir.

CHAIRMAN MELLO: Thank you.

MR. MADDY: Only the three-county area. Statistics are available at the regional level for all of the applications that are received throughout the western region. And I'm sure they can be made available to you as you so desire.

One of the things about our office that's a little difficult for me is the confidentiality statutes. I had a gentlemen in the office the other day from the Sheriff's Department saying I'm conducting a welfare fraud investigation and I'd like to know whether you have anything here on this particular individual. If you'll help me. The answer is no. I don't care what the law violation is, the information that comes in on file is completely confidential. Sooner or later, we're going to be faced with a subpoena. I don't know what we're going to do. I'm going to refer it on upstairs because it's my understanding that this information cannot be released. It kind of hurts me after 30 years of law enforcement to have to tell a guy that I have information here that could help you, but I can't give it to you. It's completely confidential.

Insofar as the split families and so forth that you were discussing a little but earlier, a question arose as to "are these ineligible members of a family vulnerable to apprehension?" If we have an applicant and his spouse, three children; and one spouse is eligible and the rest of them are not we accept the application from the eligible spouse, tell the rest of them to resume whatever they're doing. The fact that they have made that information available to my office is not going to jeopardize their position any more than the jeopardy they were already in. We cannot make our records available to other members of the immigration service. My friends in the Border Patrol cannot come into my office and get any information regarding any applicant or anybody that has submitted an application to us.

CHAIRMAN MELLO: Are they given immunity pending the application of the apparent eligible person?

MR. MADDY: They are given immunity until a decision has been reached in my office or our Laguna Niguel office, our regional office, as to whether or not they are eligible for legalization. Now, if we do not

accept the application because the person is statutorily ineligible, maybe they're claiming they came here in 1983 and they haven't worked in agriculture. Well, they simply can't qualify. And there are a great many of those.

CHAIRMAN MELLO: So what do you do in that case?

MR. MADDRY: Tell them to return to their homes, continue what they've been doing and if they come to the attention of the immigration service in some other manner, maybe somebody turns them in because they're mad at them then they're subject to action by the service. Nobody's going to get that information from my office. But there's many, many people who provide information to the Border Patrol regarding investigations. And in the event that happens, these people are vulnerable. If a man and his wife are both eligible, they have minor children that are ineligible, and we have many cases of this, we are told that the children will not be subject to apprehension and deportation. The immigration service is not noted for breaking up and taking kids away from their families. Now, when those children get beyond 18 years of age, they are going to become subject to other immigration service actions, to apprehension.

CHAIRMAN MELLO: But they might be eligible on their own, though, wouldn't they?

MR. MADDRY: That's right. And once one individual in the family legalizes, he can submit a petition to bring in the other members of his family. Now, when I say legalize, I mean once he gets his I151 status or his green card, so to speak, he can then submit a petition to bring the rest of his family into the United States. This is a lengthy process; it may be 10 years before they can get in. But the eligible member of his family, once he gets legal status, that puts the whole family in a better situation in that they are starting a process that can lead to bringing the whole family here. Now, those kids, even though the man and his wife are legally here, they can return to their home country. We speak of Mexico because a majority of our customers are Mexicans. But we have about 25 countries represented in the applications in my office.

ASSEMBLYMAN FARR: Mr. Maddry, you indicated that your biggest difficulty was getting people to come forward.

MR. MADDRY: That's right.

ASSEMBLYMAN FARR: Yet in an article in one of our local newspapers on October 23, it indicated that the center had accepted 11,327 applications. But only 932 people had been granted temporary residence. It seems that there's more of a problem than getting people to come forward;

it's a problem of processing, which in these figures is less than one in ten is finding temporary residence.

MR. MADDRY: I will answer that question in this way. When a person comes into our office and submits an application, we accept that application and his fee -- the fee is \$185.00 per adult, \$50.00 per child, but a family group pays no more than \$420.00, that's a man and his wife and one child. We accept that application and because of the volume of business that we have, we cannot immediately take them and interview them and adjudicate their case. So we schedule them to return on a date in which we can get them to the interview. Right now, we have 150 people a day scheduled up until about the 1st of February. Once they come in for that interview, a month to two months after they submit their application, and incidentally when they submit their application, we issue them a fee receipt which is an authorization to work. They come in two months later for their interview. They are adjudicated by our office staff, and a recommendation is made as to whether or not we feel that legal status should be granted or they should be denied. We send that file forward the next day.

ASSEMBLYMAN FARR: How much of the delay is caused because of just over workload?

MR. MADDRY: Well, I guess you could say all of it. If we had more than 19 people, say if we had 40 people, we wouldn't have to schedule them.

ASSEMBLYMAN FARR: But in what you've just told me, the revenue that your office has brought in from applications is in excess of -- is almost in the neighborhood of \$2 million.

MR. MADDRY: I said that?

ASSEMBLYMAN FARR: Well, you indicated what the application fee would be \$420,000 and there's --

MR. MADDRY: Oh, yes.

ASSEMBLYMAN FARR: -- 11,237 applications as of October.

MR. MADDRY: Yes. That's correct.

ASSEMBLYMAN FARR: Can't you use some of that money you're generating from applications to get some more staff?

MR. MADDRY: I'd love to, but that's a question that is beyond my realm of authority.

ASSEMBLYMAN FARR: Of the 23 countries that you indicated that you were speaking to when you were trying to market to those people, what marketing techniques are you using?

MR. MADDRY: We're going out into the field -- I go out and meet with



any group that I possibly can. In our larger cities, we are making special efforts, for instance, in the Mexican community, by going out on an education program and trying to bring those people into our offices.

Now, incidentally, this program is supposed to be a self-supporting program. And I'm told that shortly before the end of the fiscal year, which I believe is October 31, we were in the black. The program had paid for itself.

ASSEMBLYMAN FARR: Well, I wouldn't be very proud of that, saying that the program paid for itself, when only 932 people have been granted temporary residence.

MR. MADDRY: All right, allow me to finish. Once that file leaves our office, it goes to an office in Kentucky where everything is put on computer. Then it goes to our office in Laguna Niguel, where it is again adjudicated and it takes something like six months from the time that file was originally submitted until it's acted upon and is ready to go.

ASSEMBLYMAN FARR: And your offices have computers?

MR. MADDRY: Yes, sir.

ASSEMBLYMAN FARR: And they can't do that by computer mail?

MR. MADDRY: No, sir.

Our computers, as they're set up now, do not go outside of our offices. We are trying to get the capability of having our regional office and our central office tap those computers and get that information. At present, we do not have it.

ASSEMBLYMAN FARR: I guess that's kind of appalling, that the technology which would be so applicable and that almost every other public entity has and uses daily, you don't seem to have.

MR. MADDRY: Nope. That we don't. But our Laguna Niguel office, the regional office, is now handling and readjudicating, acting upon our recommendations, the cases that were submitted in June.

ASSEMBLYMAN FARR: It appears to me that the frustration of getting people to come forward, which we have certainly seen in the newspaper accounts, and I know there's a lot of concerned people in this room on that issue -- I mean, if the word gets back that only one in ten is getting processed over this long period, that's discouraging to people.

MR. MADDRY: They will all be processed. Every application will be handled, but it's going to be something like six months from the time that the application is submitted. We've got to get FBI record checks.

ASSEMBLYMAN FARR: Oh, I understand there's a lot of that. We also have to do that the way we process people's driver -- not quite as ex-

tensively, but every time a person needs a professional license in California, it goes through all kinds of checks like that. Part of the frustration for us in public office is, since we're all in this public arena together, if we applied this to people who had to wait six months to get a driver's license, or six months to get a professional license, you know, all hell would be breaking loose.

MR. MADDRY: We have a staffing problem in the area of people who can qualify for these jobs that we have. Major qualifications. That's something else that's beyond my authority. I am told that we have something like 60 adjudicated positions, and of the 70 adjudicated positions assigned to our Laguna Niguel office they have maybe 35 of those filled. They're trying to put the rest of the people -- you remember, this law just started -- just opened May 5 -- and to staff them adequately with qualified people and to train these people. This is not a real rapid process.

ASSEMBLYMAN FARR: But in response to your question that you came here to the committee saying your most important concern is the lack of people coming forward, your testimony indicated that your most important concern is the administration once those people do come forward.

MR. MADDRY: Perhaps so, but I still feel that my office's most important function is to get these people into the office. When I follow the procedure that's been set up, and send these applications off, it no longer is my function, it's a function of the next higher-up.

CHAIRMAN MELLO: Mr. Maddry, can we try to sum up your remarks?

MR. MADDRY: Yes, I'm sorry.

CHAIRMAN MELLO: I know it's partly our fault here, too. We ask questions when the situation presents itself. But we want to try to finish up with the other speakers before lunch if possible.

MR. MADDRY: I work three counties. That's number one. Up through November 1st, we had accepted a total of 21,968 applications. Of those 21,968, 13,244 were agricultural. And I have these figures that I will make available. 17,022 people have been interviewed and have been issued work permits. Of those 9,270 were agricultural workers, and the remainder was 7,752 who were the pre-1982's. Of the recommended denials, and I say recommended because our office merely makes the recommendations and our regional office can go along with it or they can override it. We have recommended denials of 1,356 people.

CHAIRMAN MELLO: Is there an appeal in that denial process?

MR. MADDRY: Yes, sir. There is an appeal. There are also waivers

that can be arranged for many of these disqualified contacts.

CHAIRMAN MELLO: Thank you

ASSEMBLYMAN FARR: How many have been granted temporary residence cards?

MR. MADDRY: I don't have those figures here but I would say that in my office, there have probably been 350.

ASSEMBLYMAN FARR: Out of 21,000?

MR. MADDRY: Yes, sir. Whose applications we have received. That is correct. We are getting probably 30 a day. That are coming in to pick up their temporary residence cards. After they have been adjudicated. Now, during the month of October, our recommended denial rate went up considerably. It went up from 6 percent to 15 percent. It seems that we're kind of scraping the bottom of the barrel and the applications that are coming in -- the people are having a harder time proving their status and so forth.

Are there any other questions? I'd be happy to answer them.

CHAIRMAN MELLO: I appreciate the testimony. If you have any of your remarks in writing and Mr. Cunan also had some -- did we get a copy of his remarks? The previous speaker?

MR. MADDRY: I do not have a copy of my remarks. I do have a copy of the statistics.

ASSEMBLYMAN FARR: One last question on the 21,968 applications, what's the average cost of an application?

MR. MADDRY: \$185 for an adult and \$50 for a child. With a total family cost of \$420.

ASSEMBLYMAN FARR: And do you know of that breakdown -- what kind of revenue that's generated for your office?

MR. MADDRY: I do not have that figure. I suppose our regional office would have the figures for the entire region as to the amount of money that has been collected for this. I would say that roughly our office is taking in something over \$3 million.

CHAIRMAN MELLO: Thank you very much, Mr. Maddry. I think that's very pertinent information.

MR. MADDRY: My office is always available if any of you want to call or stop by; we'll be happy to see you and give you whatever you might need.

CHAIRMAN MELLO: Okay, well, I'm a derivative myself of two immigrant parents, but they both came over here on quotas with the legal status thank goodness, coming in many, many years ago. But, I think it's a great



cry to our country, because no one is breaking down the walls -- the doors to try to get into Russia or Afghanistan or many other countries, but they all want to come to America, because this is the land of opportunity, of freedom and this is why my parents came here. I'm sympathetic to the immigrants, but I want to make sure that the law's followed with some compassion. I think that there's a lot of groups, as you mentioned, the outreach groups, religious groups and others who, because there is this fear of coming in to your department and trying to establish the process to get official status here. That's why I think we have to handle this with proper care. The other thing that is of great concern is the employers' side. While all these people are in the process, the law says that if an employer hires an undocumented worker, they're subject to a lot of penalties themselves.

So what we have to do, I think, is if people come out and say, okay, I've been here, I want to establish my credentials and so forth, I don't think that either the employer or the applicant -- or the applicant's family should be harassed or put into jeopardy during this period. Once the decision is made, then it's, as you point out, -- if there's a denial -- then there is a denial, then I think they go back to where they came from. But, you know, it would be very easy to entrap them in some way and have them deported.

A lot of people think being on welfare is one of the biggest sins in our society by some people standards, but there is a new generation of people in poverty today. It's not older persons or persons who are out of a job, it's children under 17 years of age. Forty percent of those in poverty are children. Now many couples will come over and maybe the father -- the husband takes off and leaves the mother here with some children and in desperation, they go down and get aid to families with dependent children, so-called welfare. Then, based on the act, that declares them ineligible to get legal status here. So, that's something beyond their own control, but that's probably something in the act. I think it is unfair to some extent, because getting aid to families is something that in some instances, it's a necessity for survival and most of it is women with children, some married and some unmarried, whatever the case might be; but it doesn't seem like the right standard that we should apply in this case. If they've been convicted of a crime, it shows that they don't want to come here and be a law-abiding citizen, that, to me, is a factor, as well as if they come over here and don't want to work, or don't want to be self-supporting, that's a factor as well.

MR. MADDRY: Sir, I realize that I'm going well beyond my time, but I feel I ought to clarify this welfare issue.

CHAIRMAN MELLO: Go ahead.

MR. MADDRY: Food stamps are not a disqualifying factor. Workmen's compensation is not a disqualifying factor. Aid to dependent children is not a disqualifying factor, unless the parents are living off this aid to dependent children. The yardstick is whether or not the parents are integrated into the work force.

CHAIRMAN MELLO: Yeah.

MR. MADDRY: And whether they are capable of supporting that family.

CHAIRMAN MELLO: So what welfare does disqualify them?

MR. MADDRY: Cash assistance that goes over a long period of time. For instance, we had a young woman a short time ago that was drawing cash assistance up until about a month before she submitted her application and she told us she wanted to get a job after this was adjudicated and then she planned to go back on welfare. In that case, we would deny the applicant because they're not part of the work force, they're not self-supporting. An individual that has a run of rugged luck and has to go for assistance for a short time and then goes back to work, that's not a disqualifying factor.

CHAIRMAN MELLO: It would seem that a mother with children aged one and two years of age, how can they become integrated in the work force unless we have child care or some way to take care of the children? I know a lot of farm workers, for example, that needed a job, I mean, whether they're documented or undocumented, and they would take their children and park them in a car -- in somebody's car in the field while they're out in the field working because they had no other means of caring for their children. So that's something that presents a lot of other problems as well.

MR. MADDRY: Yes, sir. We take into consideration the overall picture and, certainly, a person occasionally will have a run of bad luck and need assistance. But, this law has a provision in it that they are not eligible for public assistance for at least five years after they gain legal status. And we have to take a look at that. Are they likely to become a public charge?

CHAIRMAN MELLO: Yeah.

MR. MADDRY: In hardship cases, there are waivers available. There is an appeal that's available. So actually, the immigration service is doing everything in the world they can within the limits of the law. And we



can't go beyond what Congress passed to administer this law as fairly and justly and legalize as many people as possible.

CHAIRMAN MELLO: Okay, thank you very much and we appreciate your testimony.

Next, we have Arlyn Mayes, the Field Office Manager of the Employment Development Department from Salinas.

MR. ARLYN MAYES: Thank you, Senator Mello, and I want to thank you and the subcommittee for giving me the opportunity to maybe speak a little bit about what the Employment Development Department, EDD, is doing and what activities we're carrying on in relation to IRCA. Since I'm the local office manager, I'll be mostly talking about what we do in the local office, not what our central office does, although I'll mention a little bit of that.

What we do basically is to assist employers and job seekers in meeting their obligation under IRCA and we do this by verifying and certifying eligibility for employment and also, by providing information that is useful to the aliens who are trying to establish their legal status.

To show how we fit in, I'll have to repeat a little bit of what's happened to IRCA, but I've knocked out several things that I had intended in the interest of time. IRCA, of course, became law in November of '86, to control the employment of illegal aliens and to preserve jobs for those who aren't able to find work, and to impose civil and criminal penalty to those who violate its provisions, and equally important, it enables billions of previously undocumented workers to obtain legal status. So, effective the 1st of June 1987, employers were required to verify employment eligibility of individuals who had been hired since November 6, of '86, and who were still under employment, or those who they were hiring as new hires. This was a three-part process in which first of all, the individual, the applicant for the job, states under penalty of perjury, that he or she is a citizen or naturalized of the U.S., an alien who is lawfully admitted for permanent residence, or an alien who is authorized to work in the country.

And secondly, the employer establishes that the individual he's talking to is the person who he claims to be, just by looking at things such as the driver's license, Social Security card, to establish they're talking to the right person and that person does have a right to be here.

And then, lastly, the employer, also under penalty of perjury, states that he or she has examined the documents, that they appear to be genuine and relate to that individual and that the individual, as far as the employer



can tell, is authorized to work in the United States.

All these processes have to be reported on forms called the I9 which the employer retains and which INS can later look at in their reviews of the employer's records.

Under IRCA regulations, however, it is written in that if an employer chooses to hire his workers through the state employment service, that state employment service can certify the referrals as far as their legality and then the employer is deemed to have complied with the verification part of IRCA, by hiring through the employment service. This was something that in each state was left up to the state employment service, and California EDD did opt to take on the responsibility of verifying and certifying the employment eligibility of applicants when the employer requested it, and on June 1st, we started doing that. And starting on June 1st, when an employer called in to EDD and said he wanted to place a job order with us, the first question we ask is, are you interested or do you want the applicants to be certified for IRCA? And at first, of course, we got the question, what's IRCA? So we spent a lot of time explaining what it's all about to a lot of employers. But before long, the employers understood pretty well and we found that about 75 percent of the employers that did these job openings with us were requesting that we certify the workers for IRCA. The only referrals we made for those orders to those employers would be after we establish the status that they do meet the IRCA eligibility requirements.

Then if the employer hired one of those people we referred, we provided certification which we then had on file and which would meet immigration service requirements if they came to audit that particular employer. The large majority of employers locally accepted our offer and we certified referrals to about 340 employers in the Salinas area since we started this on June 1st. And since June 1st, in Salinas, we've completed I9 forms on over 1,800 workers and over a thousand of these have gone to work with employers and we've then provided the employers with the certification forms. Of course, EDD has also benefited by this because employers are listing job openings with us. Some employers who in the past may have not listed with us, give us some job orders, which again enables us to provide more service to the employer and to the applicants since we have more employers to refer them to.

However, this last Monday, November 30th, all EDD offices stopped verifying employment eligibility and issuing certifications to employers. This came about because of a lawsuit which was filed in August of last

year through the California State Employees Association and another union in San Francisco alleging that EDD lacked the authority to implement the certification under IRCA; and on November 19, a judge in San Francisco issued an injunction which prohibited EDD, effective November 30th, from providing an employer eligibility certification service.

CHAIRMAN MELLO: Let me just say on that point, I sent a letter to Director Kiddoo yesterday --

MR. MAYES: Yes, I saw a copy of that.

CHAIRMAN MELLO: I think the service is very helpful to employers and workers, and it would be a tremendous loss if you discontinued that until the lawsuit gets resolved.

MR. MAYES: Yes. Wednesday, of last week, our legal section went to the Appeals Court to see if they could get a stay on the injunction. They lost, however, so it looks like the only way it will be removed is by our department coming up with the required regulations, having hearings on the regulations and then putting it into effect.

CHAIRMAN MELLO: Okay.

MR. MAYES: The department hopes that a decision will come out in the next couple of months. We hope we won't be out of it for too long, because I agree, I think that this was a very handy thing for employers to be able to certify through us, and it worked well in our case.

As I mentioned earlier, we also provide assistance to aliens in obtaining information they need to establish their status. Further on, we realized that the records that we have in Sacramento, the employer tax returns, amount of their earnings, were very helpful in providing some of the work records which Mr. Maddry mentioned. It will help the person prove that they have had the required work, that they have been working in this country, that they have been present. We have over 15 billion records in our data base in Sacramento on individual employees. And we have made these available to aliens and their agents to obtain this information.

EDD established a statewide contact point in Sacramento that handles all these requests for information and aliens, or their agents may come into any of our field offices and we can provide them the information.

We hope that within a few months, we'll be back getting into the business of certifying. In the meantime, we'll continue to do the best we can to serve both the employers and the applicants.

CHAIRMAN MELLO: Thank you very much. There are a couple of these speakers that want to be out by noon. Mike Brem from Gilroy Foods, are

you here, Mike? Okay. Hold it just a second.

Lydia Villareal, I don't see Lydia -- oh, there she is. Okay. Lydia, do you have to leave by noon?

MS. LYDIA VILLAREAL: I'd like to, I don't have to.

CHAIRMAN MELLO: Okay. And then let me ask Tim Driscoll from Ag Help. Tim, how's your time?

MR. TIM DRISCOLL: Fine, sir.

CHAIRMAN MELLO: Can you come back after lunch? Okay, we'll move you after lunch.

Bob Logazino, you probably want to depart by lunch.

MR. BOB LOGAZINO: I'd like to.

CHAIRMAN MELLO: Okay. Let's take Mr. Logazino next. He's the Assistant Chief Border Patrol Agent, Immigration and Naturalization. And let me ask Mr. Cunan -- Did you leave a copy of your written remarks with the staff?

MR. CUNAN: Yes, I have them here.

CHAIRMAN MELLO: Okay, we'd appreciate getting that. And if you could squeeze down on your remarks. I've committed to Mike Brem that I would take him before lunch and also --

MR. MIKE BREM: No problem, Senator Mello, I can switch to after lunch.

CHAIRMAN MELLO: Okay. Well, we'll see how it goes for the next ten minutes here.

MR. BOB LOGAZINO: Senator, I'll keep it to ten minutes; if not, get the hook out and pull me off stage. (Laughter.)

I have a prepared statement here, one copy, sir, I'd like to leave with you so that you may enter it into the record.

First off, the Border Patrol, for those of you who are not familiar with it is the uniformed, mobile enforcement branch of the Immigration and Naturalization Services.

The Livermore Border Patrol sector of operation is responsible for the enforcement of immigration laws in 51 northern most counties in California and 13 northern counties in Nevada. The sector area is divided up into eight out stations from as far south as Oxnard to as far north as Scaramento. The total complement of officer corps personnel is set at 50 including headquarters staff. I happen to be responsible for the employer labor relations program and the sanctions enforcement area.

Since the passage of the Immigration Reform and Control Act of 1986, otherwise known as IRCA, there has been a distinct change in the sector's



operational mode. The emphasis has moved from a farm and ranch operation to a concerted effort in the removal of criminal aliens and an employer education/sanctions program.

The legislation has three major provisions with two of them being legalization and the Special Agricultural Worker programs. The third portion of immigration and reform bill is entitled, "Employer Sanctions". This is the cornerstone of the new law and, along with increased border enforcement, it represents a step forward in an effort to secure our nation's borders.

Section 101 of the new law is designed to control the unlawful employment of aliens in the U.S. by imposing civil and criminal penalties on those persons and entities that hire, recruit or refer for a fee unauthorized aliens.

The new law closes a large gap in the enforcement of our immigration laws. Number one, by making it unlawful to hire, recruit or refer for a fee unauthorized aliens; number two, by requiring employers, etc., to verify the identity and employment eligibility of those hired; and three, by making it unlawful to continue to employ unauthorized aliens hired after November 6, 1986.

The Immigration and Naturalization Service is confident that employers will want to join the effort to protect our heritage of legal immigration and to preserve jobs for those who are legally entitled to them. We are assuming that a majority of employers will voluntarily comply with the provisions of this new law.

Our educational efforts are specifically designed to get the word out to employers. We will continue to encourage voluntary cooperation and compliance along with better -- firm but fair -- enforcement to achieve the goal of controlling illegal immigration.

There is a timetable for the implementation of this legislation. The public education period began in December of 1986, and I am of the belief that it is to run continuously. The citation or warning period for violations of the act commenced on June 1 of '87, and is to run through May 31, 1988. The effective date for full enforcement of the act is June 1, of 1988. The deferral period for special agricultural workers is June 1, '87 through November 30 of '88. The sanctions or penalty provision is deferred against agricultural employers of seasonal agricultural workers until December 1, 1988.

Now, to get into some specifics: The Livermore Border Patrol sector has to date contacted over 4,600 employers in an effort to seek voluntary

compliance with the new law. Now, I'm talking about working with a group of no more than 15 officers to accomplish this. The primary function of the employer and labor relations program is to inform, educate and assist employers and organized labor with the new requirements for hiring and employment practices brought about by IRCA. With respect to enforcement of the employer sanctions provision of the bill, Livermore sector agents have initiated 83 investigations to date. Of the 83 cases, 36 have been closed due to compliance on behalf of the employer; 47 cases remain open; 24 citations having been served on employers for various violations of the act.

On October 30, 1987, a Notice of Intent to Fine was served on an employer in Ventura, California, for continuing to employ two unauthorized aliens. This particular employer was levied a fine of \$1,000, \$500 for each violation.

That's the end of my remarks, gentlemen.

CHAIRMAN MELLO: Okay, thank you very much. Mr. Driscoll, you can come back after lunch? I would appreciate that. We'll now have Lydia Villareal, attorney with California Rural Legal Assistance. I think her testimony will be relevant to what we've been hearing about immigration and naturalization. And I want to welcome you this morning, Lydia.

MS. LYDIA VILLAREAL: Thank you, Senator.

CHAIRMAN MELLO: Again, if you have any written statement, we'd appreciate having a copy of it.

MS. VILLAREAL: Okay, I can get that to you afterwards.

CHAIRMAN MELLO: All right, thank you.

MS. VILLAREAL: First of all, I want to thank you for inviting me here today. I'd like to comment indirectly on some of the things that we've been hearing testimony on and the immigration problem and then I'd like to answer any particular questions you have afterwards.

CHAIRMAN MELLO: All right.

MS. VILLAREAL: I'd like to talk about two main things. One is the immigration issues that we're facing today and also, the issue of foreign imports and the effect that that's had -- not on agricultural companies, because I notice there are people that can speak to that issue much better than I can; but I'd like to talk about the kind of impact that it's having on the community.

Now, I know that the things I'm going to talk about are things that many of us are going to react to in a way -- to say that's not a true picture, that's not a picture of our company, that's not a picture of my work force. But what I'd like -- and what you ought to keep in mind is that

it is a very true picture of the people that I see on a daily basis, and the people that I see working at a number of different things throughout the Salinas Valley. I think we all know that agriculture represents the single greatest source of income for Monterey County. And while farm workers are an integral part of that economy, their struggle for heat and living is becoming increasingly difficult.

More and more major farm operations are shutting down. Some major operations, while not shutting down, are switching from an employee system to contract of labor. Now this is causing massive job displacement throughout the Salinas Valley. Thousands, and literally thousands of farm workers have lost their jobs.

Now, many of the farm workers that have lost jobs have worked with one particular company for 10 and even up to 20, 25 years. When they were working for a major company, many of them had decent wages, had health plans, had sick leave, had vacations and had seniority. Most of the major companies have a history of expecting health and safety laws, of providing drinking water, toilets, everything else that California laws need. Unfortunately, a lot of this is changing. With the massive displacement, more and more workers are having basic human rights and employment rights violated. One of the most frightening things that happens is that workers -- I have seen many workers that are aged 30 to 40 years old that are coming into my office saying they can no longer get jobs. They are being told at the age of 30 and 40 that they are too old to be employed.

And so what happens is they've been working with this particular company for 10, 15, 20 years, they are fired because of a closure. Then they're thrown out into the work force to compete for jobs with 18-year-olds. The 18-year-olds win when it comes to competition in farm work. My clients come in, and they tell me that they feel like they're an old corpse. That they served the company for a few years or a few productive and they're no longer needed. It's discouraging to them personally, but I think to all of us, when we think that by the age of 35, we are no longer a productive member of our community and we can't get work.

They tell me about their searches for employment, where they go from field to field, day after day, looking for employment, spending a lot of gas money, but not being able to encounter work. They tell me that only the very youngest and the fastest can find work. And any other people that find work often have to give favors to a foreman.

Now, these favors are most insidious when they're asked of young women, because many of these favors that are asked are sexual favors.



Many of them no longer have sick leave. If they miss one day of work, they're going to get fired and if they come back the next day, they no longer have a job waiting for them.

Many farm workers are now afraid to assert their rights to the state mandated workers' compensation benefits after they've been injured on the job. Many families have lost any hope of getting any kind of medical insurance from their companies. And again, this was something that was routine a few years ago.

All of this sends a message to the farm worker community, saying that they're put into a state of constant fear, they don't know whether or not tomorrow if they will have a job. And they don't know whether or not their company is going to go out of business. They don't know whether or not they're going to be sick and miss a day of work.

But in any event, they feel like at any point they can lose their job. And it sends a message to the workers that regardless of what conditions exist at the work place, they should be happy that they have a job.

In place of major agricultural companies, we're seeing a whole new line of farm labor contractors. Since 1980, the number of farm labor contractors in the Salinas Valley has tripled. With the increase of farm labor contractors there has also been a big rise in the labor-related complaints. But we in this valley have traditionally been known to have a high proportionate wage. That's changing. We're seeing more and more farm workers coming in with complaints of a failure to pay minimum wage.

More and more familiar are again, failures to provide drinking water, individual cups, toilets, or when toilets are provided, they're dirty or they're a very long distance from the work site, requiring a long hike away from their work in order to use the toilets.

Another complaint that we hear and this one isn't as frequent, is one of violence in the work place. I now represent the farm workers that are employed -- were employed by a north county strawberry grower, who literally were pushed, beaten, kicked, and thrown to the ground when they challenged the employer about certain deductions that were made out of their checks. It sounds like something out of the past, something that we all thought -- a period of time that we all thought we had left a long time ago. Unfortunately, I'm seeing those conditions return.

Those conditions are also coming into the family and affecting the family. I'm representing a family that lived out of one of the labor camps in south county, who complained to the landlord about a leak in

the roof and said they would not pay a \$25 rent increase until the leaking roof was fixed. In response, the landlord, the manager's family, kicked and beat this man.

All this represents a drastic reduction in the standard of living for farm workers, but I think most importantly, we need to look at the impact it's having on our community. It leads to a destruction of the family; it leads to family breakup; it leads to domestic violence; it leads to alcoholism; and a host of other social ills. Perhaps most importantly, it leads to loss of dignity and loss of hope.

In the past, it used to be that a farm worker family could by working together be able to pull through and buy a small home, send the kids to high school, and even have a dream of going on to college. Again, all that is changing so that farm worker families are now pulling their kids out of high school to go to work to be able to keep the family in clothes. And again, I can't stress the kind of psychological impact that that has on the family, when a family has dreamed of a better life, that has dreamed of perhaps not in their lifetime, but in their children's -- that they'll be able to get a better life. And all that is taken away from them when the kids have to leave high school and start going to work.

Now, I think all of this is important to look at, especially when we're looking at the immigration law, because we need to have an immigration law that works. The undocumented workers are being told that they have to accept these conditions because they are undocumented. Now if we have an immigration law that works, we can get away from some of these kinds of problems.

One big problem that those workers are facing that try to escape their undocumented status is the fact that the employer is not going to give them the kind of documentation that the INS needs in order to prove that they worked here during the relevant period. And that's been a major problem. Mr. Maddry said that we're now "scraping the bottom of the barrel in terms of the applications." I think that that's due to a couple of things. I think that there was a lot of fear about coming forward. I think now the farm workers are getting a little bit more confident than they were, but there are many, many farm workers out there that just cannot get the authorization -- the documentation that they need to prove that they have worked here.

Certainly, the people that I represented that were living in the holes

in the ground in north county. That employer is not going to write them a letter saying, yes, they were living out there in holes in the ground. So there are a great many people out there that are eligible for legalization that are having problems getting the documentation that they need and the INS needs to be sensitive to that in a way that workers can provide documentation under penalty of perjury, affidavits, saying I knew this guy and he worked there, and I saw him work day in, day out.

ASSEMBLYMAN FARR: Does the law allow them to do that?

MS. VILLAREAL: The law allows them to do it. We haven't seen yet whether or not the INS in their enforcement of the regulations, is going to ask for them or permit them. The INS has a hierarchy of documentation that is required in order to prove that one is eligible for legalization. Now, high on the list is documentation from an employer. As I said, some of these workers are not going to be able to get documentation from their employers. And most importantly, many of these employers have paid in cash. So even if the worker knew at the time, if they kept their pay stubs, that someday it was going to be important to prove something as important as legalization, they couldn't keep their pay stubs. They were never given one.

So, I just ask you to think about that.

Another thing that I read about in the paper is that the Western Growers Association is looking to amend some of the regulations in IRCA, asking that it facilitate a new bracero program. The kind of problems that I described indicate that there are an abundance of workers in this community and there is absolutely no need for a new bracero program. And in fact, the bracero program will intensify the kinds of problems that we're currently seeing in field work.

I know that this afternoon you're going to look at foreign imports and the impact of all that. And I don't know what's responsible for the kind of conditions that I've been describing, but what I do want to urge you to do is to look at the massive job displacement and the effect that it's having on problems with families and our community as a whole. Because I think that you have to think about what happens to the family when a 40-year-old man is thrown out of work and can't get the kind of work that he has had and with the kind of stability that he's been able to maintain. You have to look at what that does to the kids and what that does to the entire community.

ASSEMBLYMAN FARR: I think that's something that California's looking at very closely because we not only have that phenomenon in agriculture, but it's in the aerospace industry, it's in manufacturing jobs that are



being lost, and a lot of that comes down to the whole issue of competitiveness; of how we as a state and a nation remain competitive in this incredibly competitive world where the marketplace is becoming our market place. We are the country with the dollars that everybody else wants. And they want to produce their goods so they can sell them in our stores. And in doing that, by producing those goods abroad, it's not allowing jobs to be created here.

MS. VILLAREAL: I think the problem is particularly intensified for farm workers because of the nature of the work. Because physically, a person is more productive in farm work really, as a general rule, when they're 20 years old than if they were 40 years old. Whereas, hopefully, I as a lawyer will be more productive when I'm 40 years old than when I was 20 because I will have gained experience, skill and I will become a better lawyer. But farm workers, it's the other way around. When they are strongest, when they are the youngest, when they are fastest, when they are the most productive. So that when a 40 year old loses his job, then that has a much greater impact, I think, on a farm worker and also the similarity is that the 40-year-olds have families, kids, dreams kids, dreams of college, cars, hopefully house payments. Things like that.

ASSEMBLYMAN FARR: Does the California Job Training Act, apply to agricultural workers?

MS. VILLAREAL: One of the big problems with job training is that most of the farm workers are monolingual Spanish and so you're talking about a three-step process. One is that they have to learn English and then they have to learn new job skills. So, the last time I spoke with someone locally, they told me that they had very few programs directed at anyone that was monolingual Spanish.

ASSEMBLYMAN FARR: Are there members of the farm workers' family that are receiving welfare benefits?

MS. VILLAREAL: The people that I see are not receiving welfare benefits.

ASSEMBLYMAN FARR: There's the GAIN program, where if they're on welfare, they can qualify to get into a skilled instruction, language instruction and other kinds of instruction to get them eligible to be qualified for the marketplace.

MS. VILLAREAL: I think what happens is it becomes the chicken and egg problem. Many people don't apply for welfare because they either aren't here legally or they want to be legalized so they wouldn't

dream of applying for welfare. And they came here to work and they want to work, but it's a circular thing, where they can't qualify for that because they're not legal.

ASSEMBLYMAN FARR: The last question I don't mean to belabor it, Senator Mello, I know your people are hungry, but what's your impression of the processing of the applications under the new law for immigration? For those people that have been here illegally?

MS. VILLAREAL: I think that at this point, there's still a good deal of apprehension about the process. And I think it's reflected, as you pointed out, it's been such a slow process that people don't know how it is all going to wash out. And if you get these people that know that they can't get this nice documentation that the INS has said is the best kind of evidence, it creates mistrust and apprehension. The delaying process is creating apprehension, and again, initially there was apprehension because people were not confident about the system; then there weren't any massive deportations and so people began to have a little bit more confidence. But then again, because of the delay, the apprehension is setting in again.

ASSEMBLYMAN FARR: So essentially by coming forward and filing an application, you are then becoming public that you're here illegally, and you may not, through the application process, be able to have enough verification of employment to ever qualify.

MS. VILLAREAL: Exactly.

ASSEMBLYMAN FARR: So you're at higher risk when you come out than if you never came forward in the first place.

MS. VILLAREAL: Exactly.

CHAIRMAN MELLO: Lydia, thank you very much for your testimony.

MS. VILLAREAL: Thank you for having me.

CHAIRMAN MELLO: We appreciate you're being here. We will now break for lunch and those of you that are out of the area that want to know a little bit about the eating places here in Salinas. Within walking distance, two blocks over on Main Street, are the Windfall Restaurant, very nice food, the Brass Rail, the Paragon, and Dudley's, and if you like Mexican food, there's Rosita's one block over.

(LUNCH BREAK)

CHAIRMAN MELLO: Good afternoon, we want to continue our hearing today of the Subcommittee on Economic Problems Facing Agriculture. We had a full morning hearing here and I see we have a somewhat different audience this afternoon, so I want to reintroduce the people up here on the panel so

that you will know who we have.

Steve Macola, to my right, is the Principal Consultant to the Senate Ag and Water Committee, and one of the most knowledgeable consultants that I know in the whole State when it comes to agriculture and water. To my right is Kathy Huston, the Principal Consultant to the Subcommittee on Economic Problems Facing Agriculture, and Chief of Staff here in the district.

From my immediate left, Rick Weisberg from the Legislative Counsel's office. He's one of a group of attorneys that specializes in agricultural legislation and drafts most of the legislation that's introduced into law. And Lou Angelo is the Principal Consultant to the Select Committee on Wine Industry, which I am the Vice Chairman of the committee and I do represent the largest wine producing area in the whole State of California, Monterey County, Santa Cruz, Santa Clara, and San Benito. So this morning, we spoke about immigration and naturalization problems and in addition to that, we had testimony from County Supervisors giving a broader overview of what some of the problems were here in Monterey County.

When we broke for lunch, we had Tim Driscoll, President of Ag Help -- Tim, did you get back? Okay, we're going to start with Tim and then next will be Mike Brem, Director of Raw Materials, from Gilroy Foods, and we'll go right down our list. If somebody does have to catch a plane or leave early, if you just let us know, we will try to accommodate you if at all possible. So let us call on Tim Driscoll, President of Ag Help.

And again, if you have any written statements that you can leave with us, we will give it to the sergeants here. The hearing is being recorded and we will have a transcript available for all 120 members of the Legislature as well as the general public that may want a transcript of today's hearing.

Tim, I apologize for not getting you through before lunch, but we're happy to have you lead off here right after lunch.

MR. TIM DRISCOLL: Thank you, Senator. Ag Help is an acronym for Agriculture Helping Employees with Legalization Papers. I am very proud to be President of that organization and, also, I am a strawberry grower here in Monterey County.

This report will examine how the Immigration Reform and Control Act of 1986, or IRCA, as it will be referred to in this report, affects the agricultural employers and employees in California at the present and in the future.



I will also cover some long-range considerations and possible solutions to some anticipated problems.

June 1, 1987, Ag Help opened its doors to employees and employers that were confused and unsure. The new law was in its infancy and there was a long road ahead. Ag Help is a grower-founded organization set up to process the applications of illegal aliens under IRCA.

Agriculture was one of the only industries that recognized the use of illegal aliens in the work force and strove to create specific legislation that would satisfy the present and future needs of farming.

Presently, local employers are slightly more relaxed about their status relative to sanctions, since the INS clarified their policy on the I-9 employment verification forms and retroactive sanctions. Employers, however, are still greatly concerned about what will be acceptable as proper documentation in order to verify an employee's right to work.

Some growers in the north experienced severe labor shortages this year. And if not for the temporary program which ended November 1, 1987, allowing qualified applicants to return from Mexico and work while they gathered their needed documentations, those crops most certainly would have been lost. Many are concerned that we are not meeting the numbers originally projected and since the 1st of September, applications have dropped off dramatically.

Employers want to get involved in the application process, but are unclear about how it works and have expressed a desire for educational programs by the INS.

I must applaud the INS for the job of setting up its offices and coordinating the application process as well as it has under these extreme circumstances. In a glowing report from the office of Congressman Charles E. Schumer, it was stated that: "In fact, we believe that the INS has made a sincere attempt to change the face it presents to the illegal immigrant community from one of a big, mean, bad guy to that of a generous samaritan." I suggest that the INS in its role of good samaritan now concentrate on an out-reach program that offers more information about the application process and how that may be accomplished, rather than stressing employer sanctions.

Locally, growers are concerned about the wage and benefit changes that may be necessary in order to attract workers. In the Monterey Bay area, wages and benefits are some of the highest in the State and the nation, and an additional increase could spell disaster for a lot of farming companies. It will also cause an increase in the price of produce

in the store.

How were these numbers derived? What was the formula? Did we account for the massive number of people currently working in agriculture that do not qualify? Will the replenishment program be enough, or do we need to take another look at the formula?

These and other questions are constantly on the minds of farmers today.

Right now, many of the people that qualify under this law are in the middle of a Catch-22. The law says that they may not leave the country until they receive the correct status. Locally, almost all of the agricultural jobs are completed for the year. They cannot get another job because they don't have the correct status; and they cannot collect unemployment because they earned the money on the basis of false documentation and are, therefore, disqualified. In order to obtain legal status, it will cost a single adult almost \$400, which is very difficult to do with no income.

I'm going to break for a moment just to explain -- Tom Maddry said that the cost was \$185 which is correct for the price that it costs to submit the application. The cost of processing that application to a qualified designated entity ranges to approximately \$100 per applicant. There is also an additional cost for a physical, which as of December 1 including AIDS testing required by the law, will increase that substantially to almost another \$100.

Divided families are concerned about staying together. Again, a Catch-22. Similar to the example that was made by Mr. Maddry. The father qualifies, three children all born in the United States, the mother doesn't qualify under any of the programs offered. She remains deportable, and rather than risk being separated, the father doesn't apply for resident status, basically because he doesn't understand those programs under the law that might protect his family.

There are employers that refuse to give the necessary documentation or the information that is received because it is incorrect or invalid. The latest figures on rejection of Seasonal Agricultural Worker, or SAW, applications based on fraud is up to 15 percent. General amnesty applications are at 12 percent.

Most of the people are concerned with how fast they can get their applications done, regardless of accuracy. Right now, there is concern about the AIDS testing requirement and how it will affect the status of the physicals done prior to December 1, 1987. There has been very little



publicity on this subject.

Many of the parents are worried about their children being able to attend school because of a stronger demand for the children to have a social security number.

The ultimate question is "what if I have to go back?" Many of these people are not Mexican; they are from San Salvador; they are from Nicaragua; they are from the Philippines; they are from Viet Nam.

For agriculture, some long-range considerations are how will a major labor shortage affect agriculture as a business. Farmers will be looking very hard to mechanization because of the increased costs of labor. There will be major decreases in planted acreage.

What effect will that have on the marketplace? The general quality and quantity of produce will be substantially less and the price will be higher. Foreign imports will be taking over the marketplace because they will be able to produce a cheaper product.

What about the Replenishment Agricultural Worker program? (RAW) If there are not enough SAWs in the first application period, there will not be enough RAWs to fill the gap, since the RAWs is based on a formula which is a percentage of SAWs that don't stay in agriculture.

What are the possibilities? We must coordinate our activities in order to gain maximum benefits for what we want to accomplish. At this point as employers, we want a stable work force that will be substantial enough to continue the timely harvest of crops for market and maintain reasonable control of costs.

As workers and illegal aliens, we want the right to work and keep our families together and to become prosperous and to be treated with dignity.

There needs to be another look at this law, and the gaps need to be filled. The gray areas need to be clarified, and an earnest out-reach program must be coordinated in order to contact all qualified applicants and inform them about the opportunities that this law offers.

The issue of family unity must be addressed because we cannot be involved in an issue of separating parents from their children.

A census must be done to determine some accurate numbers, or in some way devise a new method of counting those that comprise the work force that exists, and separate the number of illegal aliens that qualify from those that do not. If we are able to abide by this law, we must have some idea of the future. Based on the census, the RAW program could be more accurately addressed and changed if necessary. And the issue of family unity could be part of the RAW program.



The Employment Development Department could make a one-time exception to the documentation rule for earnings during the last calendar year, so that those caught in the middle could at least survive the application process.

The INS could reopen the border to people wishing to file and gather documents in an effort to speed up and facilitate the process. The state will have a leadership role in related programs such as English classes. The current programs are overloaded and the need is clear. The state may receive funding for these and other programs through the Section 204 of IRCA, State Legalization Impact Assistance Grants. IRCA provides up to \$1 billion in federal funding annually for FY 88 to '91 to state governments. Funds are to reimburse the costs of certain human, health and educational services provided to persons who legalize. The amount that each state receives depends on its relative share of the number of persons who qualify for legalization.

What agricultural people want is to continue to operate successfully. We are farmers. We produce the food for the table. Our business, like many others, is made more complex by the rules and regulations set down through the legislative process. And we accept that. No law ever created could have been designed to satisfy all people; therefore, it falls to us to work together and to keep an open mind so that we may live together in peace now and in the future.

CHAIRMAN MELLO: Thank you very much, Tim. We appreciate getting your written comments as well. All right, next we have Mr. Mike Brem, Director of Raw Materials from Gilroy Foods.

MR. MIKE BREM: Thank you, Senator Mello. I have a written statement I will submit. My name is Mike Brem. I am Director of Raw Materials for Gilroy Foods. We're a subsidiary of McCormick & Company of Baltimore, Maryland. I appreciate the opportunity to testify before the subcommittee. In the time I have allotted, I will discuss three items with you.

First of all, I'd like to give you some background on Gilroy Foods and the relationship of our industry to agriculture in California; the threat of foreign imports on our business; and the impact of pesticide registration on our specialty industry.

First, Gilroy Foods is a major processor and dehydrator of onion, garlic and capsicum. Capsicum is the botanical name for peppers. We're located in Gilroy, the garlic capitol of the world.

Domestic dehydrated onion and garlic production is exclusive to

California. In addition to Gilroy Foods, there are -- there used to be four, now there are three major producers since we just purchased Gentry Foods this morning. And they're all located in California. These facilities are located in such small communities as Gilroy, Turlock, King City, Firebaugh, and they tend to be a major economic force in these communities.

Dehydrated capsicum products, although not exclusive to California, also impact many such communities such as Gilroy, King City, Santa Maria, and Greenfield.

Raw materials to supply these factories come from statewide acreage that exceeds 40,000 acres. Thousands of acres are grown in the El Centro area, Kern, Kings, Fresno, Merced, Monterey and Modoc Counties. All raw materials are supplied by growers on a contractual basis. Dehydrated onion, garlic and capsicums have historically provided better than average return to growers and contracts for these crops are highly desirable. As you can see, our industry touches many people in many communities throughout California. The dehydrated onion and garlic industry alone employs more than 4,000 people with an annual payroll totaling more than \$50 million. Contract prices paid to growers total more than \$100 million annually.

Gilroy Foods and the dehydrated onion, garlic and capsicum industries have two threats that I would like to discuss with you today: foreign imports and pesticides.

Foreign imports represent a substantial threat to our business, especially dehydrated onion and garlic. Although we are currently protected by import duties, we have worked long and hard to maintain. Reduction or elimination of these tariffs would have a significant impact on our company. Several countries have the ability to produce dehydrated onion and garlic products at very low prices because: 1) They are subsidized by their governments; 2) They pay very low wages; and, 3) They are not subject to demands imposed by the regulatory agencies in the areas of pesticides, requirements by OSHA, restrictions as to air quality standards and ordinances on water, chemical and waste disposal.

Countries that pose immediate threats if current duties are eliminated are: Egypt, Argentina, Mexico, Mainland China, Taiwan, and various European countries. During the past few years, the United States has entered into free-trade discussions with Israel, Mexico and Canada. We have opposed any such agreements for onions and garlic primarily because Israel and Mexico subsidize agriculture and Canada can be used by other countries to avoid duties.



California's agriculture must remain united in keeping foreign agricultural products from impacting our livelihood. Undoubtedly, you have heard the same arguments before by other companies trying to protect domestic industry. Our highest unemployment rate in California is with the unskilled worker in the rural communities. These are the people that we employ, our industry employs, and we pay over \$20,000 a year plus benefits as a minimum year-round wage.

Also, we must be sure that the safety of the American consumer is protected. Foreign countries do not have the same attitude toward food quality as do American farmers and food processors. Before allowing countries to import food into the United States, we must be assured that they are following rules and regulations that will assure the high level of safety and quality we all expect.

The second issue which we face is that of pesticides. As an industry that is small compared to such crops as grains, cotton and tomatoes, we have a difficult time registering our new materials and maintaining those already registered because there is not enough volume to warrant research and development by chemical manufacturers.

Our philosophy with respect to pesticides has always been safety first. Whether it is safety for our field workers, applicators, factory workers or the ultimate consumer, we believe that our industry has always acted in the best interests of the public at large. At Gilroy Foods, we abide by strict guidelines in the areas of plant-back restrictions and insuring that all growers under contract apply only registered pesticides. Additionally, we sample every field harvested to insure that there are no illegal chemical residues prior to processing.

As a small industry that needs pesticides in order to survive financially, we ask that the parties involved in the area of pesticide use and regulations use common sense. Pesticide regulations must be formulated to protect the consuming public, while at the same time not be so restrictive that new and more effective chemicals will not be developed. People who use pesticides, especially those in agriculture, have to learn that the old ways are dead. We have to use chemicals more wisely and, in some cases, reduce or eliminate their use.

Our business, as are most in the specialty product aspect of agriculture, is caught in the pesticide cross fire. The continued use of our pesticides is based in large part on actions of major crops and at state and federal regulatory agencies. All we ask is that you not lose sight of the "little guys," when formulating regulations.



In summary, I hope that you have learned more about our business and the industry in which we are involved. Although not too many people realize it, we have a great deal of impact on California agriculture. Also, I hope that you have seen how two issues, foreign imports and pesticides, play a pivotal role in the future success of Gilroy Foods and the many workers, farmers and communities that we touch.

Thank you for this opportunity, Senator Mello.

CHAIRMAN MELLO: Thank you very much, Mike. I've sure enjoyed every visit I've made to the plant there in Gilroy, and it's an outstanding resource to our entire area.

MR. BREM: Thank you.

CHAIRMAN MELLO: Next, we have Mr. Myron McFarland, the Chief Executive and Chairman of the General Vineyard Services, and he's the very kind gentleman that got me to introduce my Senate Bill 114 to stop these shippers of wine that have antifreeze in them from shipping into the United States. Welcome this afternoon.

MR. MYRON MCFARLAND: Thank you very much, Senator. And members of the panel. I think you all have a copy of my statement. I'm not going to speak directly on that; however, as you know, I have been trying to deal with some aspects of the impact of foreign wines on our wine industry in California.

As a short background, my brother, Gerald, and myself own and operate several agricultural entities including grape and wine production here in Monterey County and the sale of wine domestically and in Japan. And it is with that background that I will make my comments.

First, to set the stage about California's industry and a little of its background.

After repeal in '34, the market growth averaged out about 5.5 percent a year. It went from 26 million gallons to 424 gallons in 1986. During that period of time, the market share of California wines over 14 percent alcohol, which is the way it's designated, we might generally call them dessert wines, dropped from 74 percent to 7 percent. In other words, by 1986, the table and sparkling wines had 93 percent of the California-produced market. Dessert wines have practically dropped out of sight. And within the table wine category, the market share held by white wine was only 36 percent as recently as 1976. Ten years later, it had risen to 68 percent.

The per capita consumption of wine in the U.S. grew from 0.26 gallons in 1934 to 2.43 in 1986. An average annual increase of 4.4 percent. So

you can see that the industry after repeal had satisfactory growth, not spectacular, but quite adequate. Within the industry, though, consumption patterns changed dramatically. And, of course, that had a great impact on producers of grapes and makers of wine.

Now to deal with foreign wines. Again a little background: U.S. wine consumption in 1986 consisted of 71 percent from California; about 10 percent from other states; and about 18 percent from foreign producers. California's total market share was at its low point in 1984, which was just under 66 percent. Not surpriseingly, foreign wines reached their peak the same year.

Foreign wines did not reach even 10 percent market share until 1968, about 20 years ago. But during the next ten years, they climbed steadily until they had reached 21 percent by 1979. And by 1984, they had reached nearly 26 percent of market share, which is a significant increase. During the last two years, they have fallen dramatically. Currently, through August of this year, they are holding about 16 percent market share. In other words, they have dropped about 10 percent in a little over two years. By contrast, the California wine shipments through August of this year, as compared to last year, were about flat.

Now, what are the reasons for some of these things that have happened? Well, in the mid-1960's, we, meaning our company along with many other wine grape growers, perceived that substantial growth was probable in wine consumption, and that more wine-type grapes would be needed, and the demand would be such by the late 1970's that grape prices would be good or perhaps even great for the foreseeable future. So we did our projections, and believe it or not, they were pretty accurate, but they weren't good enough. The reasons for that were totally unexpected. OPEC and the energy crisis, beginning about 1974, also brought about double digit inflation and double digit interest rates, and those three things alone were enough to blow up anybody's projections. And it happened to us and everybody else.

And I must say that these events were a surprise, I believe, to everyone, even our most learned economists, many of whom don't agree with each other at any time anyway. And, also, our most astute marketers did not predict the change from red wine to white wine, which caught many people looking in the wrong direction.

But what really put the cap on it was the market share growth for foreign wines of about 13 percent during that time. This was the growth that we were planning on and that we missed out on. Why did they gain on



us so successfully?

It's a complex subject, but I'd like to give a few reasons that I think were among the most important.

First, going back to the Kennedy round of trade negotiations during which California specialty crops, with politically naive growers being inattentive, including ourselves, these crops were used as bargaining chips in a manner of give-ups to Europeans. Wine was among them. As a result, we have a system in which it costs us about \$8.00 per case in EEC tariffs and French levies of VAT, customs stamps and excise duties, for us to put a case of wine ashore in France; that's about \$8.00 a case just for the taxes, tariffs, and excises. What does it cost the French to put a case ashore in the U.S.? \$0.90.

Another item consists of the direct and indirect subsidies to Italian and French growers, wineries, shippers and export marketers. These are extensive, insidious and very ingrained, resulting in vast overproduction over the years. Studies done several years ago for the International Trade Commission hearings on this subject indicated that a tariff of about 80 percent should be applied to Italian wines if we were to level the playing field in that manner.

Another item is the effective U.S. marketing programs carried out by the European governments and their line industries, financed by government and very effectively carried out. They're smart marketers and they did a terrific job. In many respects, much better than we have done.

Another very important item was the dollar was strong then. Also, as the U.S. industry, growers and wineries, got progressively weaker financially, they did not find a way to work together productively for the common good.

Well, what's going on now? Sales of standard wines are flat; premium wine sales are growing very well. The crush this year is the smallest in several years. Many acres of vineyards have been removed or abandoned, and many more will be abandoned. Grape prices have risen, but in general, not enough. Wine prices at retail have not moved up satisfactorily and, of course, in the end, that's what makes the whole engine go. Health and social issues are in the ascendency, with negative effects on our industry, and we were not helped at all by the bad publicity generated by the European adulteration scandals that the Senator referred to a moment ago.

And, of course, we all know that the dollar is so weak now that it has raised the price of European wines so much that they have suffered severe loss of market share. But who knows when the dollar will change



back and we certainly have no control over it.

I have a few suggestions regarding what you in government might be looking at. I suggest that you continue to support the efforts of the California World Trade Commission and the California Export Incentive Program as you have done in the past.

I suggest also that you do everything you can to pressure Congress and the administration to stop any Smoot-Hawley type legislation.

That you do whatever you can and ask them to do whatever they can to pressure the EEC to deal fairly with us in the matter of agricultural subsidies. I know they're not going to do it on their own volition; however, they are in so much financial trouble right now about agricultural subsidies that they've got to do something if they can. And I sort of have the opinion that the decision makers there might secretly welcome increased pressure from the U.S. and from California. That would give them a devil to blame for doing what may be inevitable anyway, namely, to reduce their huge agricultural subsidies. This has a direct bearing in two important U.S. industries: dairies and wine, along with many others.

Also, I'd like to suggest that we avoid state measures as much as possible which place burdens on local producers not shared by foreign competition.

Another matter, that you make an effort to increase the awareness of the population of this State that we are in a world economy. We're no longer isolated. We are selling in competition with everyone from everywhere.

And last, develop several specific, easily definable issues with respect to the level playing field. I think too often we are all discouraged by looking at the forest in trying to deal with problems rather than starting to log individual trees. Specifically, one thing would be to campaign regarding the EEC as I mentioned earlier. Another would be to support the tax reform efforts of the Liberal Democratic Party, the ruling party in Japan. Their current tax reform program, which has been stalled about a year, contains a repeal of the ad valorem liquor tax, an item which places a 50 percent tax on the better California wines at the port in Japan before they enter the Japanese distribution channels. As you can imagine, by the time they reach your table in a fine hotel or restaurant in Japan, a \$10 bottle retail price here has escalated to somewhere between \$60 to \$100 a bottle. The LDP wants to repeal that tax, but they are going to have to have a hard time doing it, and we should

certainly help them push. This country can still deal with the various competitions that we're in if we're all playing by the same rules. We're still in the game now, even with the rules against us.

Thank you very much. I did include also, a computer breakout of this -- of the model of what it costs to get wine into France.

CHAIRMAN MELLO; And we sure appreciate that. Thank you very much, Myron, for your excellent presentation and the many ideas you've set forth. The only one comment I have is where you recommend we continue to support the efforts of the California World Trade Commission. I was shocked in Morgan Hill when we held a hearing there of our Select Committee on Wine Industry, when they rose to oppose my bill in favor of the European Common Market and they almost talked the same tune as our federal administration. They said it would bring retaliation. And we are funding from California tax money the California World Trade Commission, yet here they are, really more concerned about imports of products that work against own producers than they are of trying to make sure of this level playing field that you and I have spoken about so many times become a reality. And I was somewhat shocked and next year when their budget is up, when it comes to funding a department, I start to ask my colleagues to join with me and hurt them in the pocket book. That might make them less vocal in places that work against our own interests.

Or we might be able to enlighten them and straighten them out and let them at least put American producers on an even scale with foreign imports. I'm not a protectionist, but I think American producers ought to have all the freedom and advantages in the world, rather than have handcuffed hands behind your back and get a bloody nose from everybody we're dealing with.

MR. MCFARLAND: May I just say I agree. (LAUGHTER.)

CHAIRMAN MELLO: Thank you.

All right, thanks again, Myron. That's a very fine presentation. Next, we have Mr. Jack Nelson, President of John Pryor & Company.

MR. JACK NELSON: Thank you, Senator, and all of your committee. John Pryor & Company is engaged in foreign relation application of fertilizers. And we, too, are impacted by all of these rules and regulations in agriculture.

We annually make application of fertilizers in Monterey County of over 200,000 acres. Don't ask me if we have that many under irrigation, we go over the same acreage sometimes two or three times. And as you know, we have more than one crop per year in Monterey County.

I'm also a member of the California Fertilizer Association Board of



Directors. Some of the remarks that I will be making will apply both to our local company and to the California Fertilizer Association statewide.

At last count in California, we had between 22 and 24 regulatory agencies involved with environmental issues. This situation is not only costly, it's very frustrating. It's practically impossible to keep up with the changes of the rules and regulations. We are reporting the same thing to two and three different agencies. I'm seeking your help. I would hope that you would make a concerted effort to eliminate some of this duplication.

We find it necessary and many of us have been -- I'm talking about small companies. We have 62 employees. We find it necessary to hire a full-time environmental safety officer in our small company. And this is going on all over California.

We want to comply with all the rules and regulations to protect our environment. We live here, too. If the people on the panel would do two things, it would be greatly appreciated by many, many people, business people in California. That is to make a concerted effort to eliminate some of the duplication and prevent more duplication from taking place and secondly, be realistic when you interpret and implement some of these laws and propositions that cross your desks.

And I don't mean by insinuating that you're not realistic, but please make an even greater effort to be completely realistic.

Thank you.

CHAIRMAN MELLO: Mr. Nelson, may I just ask you a few questions? I know Steve Macola, our consultant to the Senate Ag and Water Committee, is shuffling a little bit. Now you used some broad terms, like be realistic and I forget the other word you used, but can you be specific and tell us -- oh, avoid the duplication. Could you give us either now, or give us in writing ways in which you refer specifically to the duplications that exist that we might be able to deal with.

MR. NELSON: Well, yes, Senator Mello. We're reporting some of the same things to two or three different agencies. By that, I mean we'll have to report to Monterey County Department of Health, to the Department of Health Services, the EPA and sometimes the Water Quality Control Board on one issue. It's large duplication.

CHAIRMAN MELLO: That is, what -- reporting on fertilizer you're using?

MR. NELSON: Yes, May I explain. In our yards, we have two hubs of operation, one is in Soledad and one is in Salinas. We have completely covered these yards with impermeable toppings. We have burned them so



that we capture, because of potential spills of fertilizer, and we're not talking about extremely acute hazard or even hazardous material, we're talking about fertilizer, plant food, natural occurring minerals that we mine out of the ground and assimilate out of the atmosphere. No synthetics. A lot of people think that commercial fertilizers are a synthetic manufactured product. Well, we mine the phosphate and the potash right out of the soil and the nitrogen out of the atmosphere.

We do have spills. And consequently, as a result of that, we are required, and justifiably, to capture the first half inch of rainfall off from the runoff from our yard. Which we do, we capture it, we impound it, and then we use it. We use it as a rinse aid. We find that by using that material, we can end up with an analysis of one and a half to two percent nitrogen, three percent phosphate, and two and a half percent potash.

We use this material just like another fertilizer product. It's more diluted, but we have to dispose of it and it's a legitimate agronomic mineral so we actually sell it. We sell it at a much reduced unit across to the farmer.

So does that answer your question?

CHAIRMAN MELLO: Yeah. Steve, do you have any comments on this? Just throw the switch on your microphone.

MR. STEVE MACOLA: You have waste discharge required on you by the Regional Water Quality Board. What those requirements are vary from industry to industry. If you're in compliance with those requirements, all you have is an annual report you submit regularly to the regional board and you should have no other obligations with them. The parent board is the State Water Resources Control Board and if you're complying with the waste discharge requirements, you should have no problem with the state board at all or any reporting requirements. The Department of Health Services, on the other hand, deals with public water systems in excess of 200 connections and deals with the contamination portion of water pollution control, not the pollution problem, per se.

MR. NELSON: The water quality control.

MR. MACOLA: So if you have no contamination problem, I'm not sure in my own mind, and I believe you, don't misunderstand me, what would be requested by the Department of Health Services at all.

And EPA is a federal entity. I also don't know why you're reporting to them. But if you're duplicating the efforts, I don't know where.

You should not be duplicating any efforts unless it's a matter of sending the form to one at the same time you send the form to the other one.

MR. MACOLA: Excuse me, if I may, Senator. About 15 years ago, we had great problems with the State Water Resources Control Board. This committee, the Subcommittee on Agriculture and Water Resources, with Senator Mello's help and a number of other people that had many hearings with the state board about their efforts, that they were perhaps not realizing that the vast society of California, you had to be pragmatic in regard to implementation. But that was state and that was 10 years ago. If you're having trouble with them now, you're welcome to write to Senator Mello with your concerns and I can assure you I will pursue it and get back to you.

CHAIRMAN MELLO: Thank you, Steve, for that. I was going to suggest that if you wouldn't mind sending us a copy of your reporting system, either to me or directly to the Subcommittee on Ag & Water, Steve Macola is the Consultant, copy to me, then we'll go ahead and look over that and we'll try to avoid all the duplication that we possibly can. We have in the past provided a -- sort of an umbrella jurisdiction where we have multiple agencies involved, and one would be a lead agency to receive the reports so you wouldn't have to be reporting to so many entities.

MR. NELSON: Fine. I would appreciate that.

CHAIRMAN MELLO: Thank you very much. All right, Mr. Bill Ramsey, President of Mann Packing Company. And if you eat broccoli fresh, it's probably from his plant. It's either frozen or it's probably was from his fields, packed by Richard A. Shaw Company.

MR. BILL RAMSEY: Thank you for the commercial. I'm going to read something and so if I could pass something up to you --

CHAIRMAN MELLO: Please do.

MR. RAMSEY: -- I have three copies and perhaps you could follow along.

By way of introduction, my name is Bill Ramsey and I today represent my company, Mann Packing Company, Inc., and my partners. I, also, am Director of Western Growers Association here in Salinas Valley which concerns itself with agriculture in California and takes us to Sacramento many times during the year. Many times Henry and I have had the opportunity to chat on the subject.

And, by the way, before I get into this, Henry, I should say Senator Mello, I'd like to welcome you and your distinguished guests to Salinas and thank you very much for coming and taking the time to listen to our



concerns of imports as they affect us with respect to this business.

As I said, I am a grower-shipper of broccoli and I have grown, shipped and marketed broccoli in the United States both fresh or frozen for thirty-some years. And I suppose I have sold over one billion pounds of broccoli to the frozen food industry and to the consumers of the United States.

Annually, there's about 365 to 400 million pounds of broccoli consumed in the United States. The reason I'm here today is not to talk about fresh broccoli or fresh vegetables, but to talk about the frozen food industry---where today we are threatened with the demise of the frozen food industry as I know it and as we know it. I wrote an article about a month ago to a trade magazine called Western Grower and Shipper Magazine. It was an article where I expounded on the virtues of American produce and the concerns about imports, so I'm sorry if I didn't have enough copies to give each of you, but I did have three of them, so if you'd follow along with me, I'd like to read this, and then perhaps, I could have some comments, and if you have questions, I can answer those questions.

The California broccoli and cauliflower industry is faced with losing the production of these crops to Mexico and other Central American countries because of the cheap labor cost existing in these countries. This subject has been strongly debated at several Western Growers Board of Directors' meetings. It has been the decision of the board to resist the potential calamity by whatever means are available. These means are as follows: Create a tariff that would create parity with the growing and harvesting costs of U.S. producers. Demand country-of-origin labels. Demand that safety requirements, including those covering the use of all pesticides, be the same for imported products as those required of the producers of broccoli, cauliflower and other vegetables within the United States.

The state of vegetable production in California is at stake, and I think it is time we stand strongly in support of these measures. Any vegetable shipper in California can make a decision to seize the opportunity to go to a foreign country and participate in the crop growing outside our country. Such a decision, however, goes far beyond the individual company and affects thousands upon thousands of taxpayers who make their living in the affected crops.

Such a decision profoundly affects people who work on farms and those who work in allied industries, such as cartons, transportation, oil, gas,

equipment and all other jobs that make up the infrastructure of our agricultural community.

The most immediate effect is on the processing industry, better known as the frozen food industry of California. It is estimated that by the end of 1987, this year, approximately 200 million pounds of broccoli and cauliflower will come from Mexico and Guatamala into the United States, which consumes approximately 450 million pounds annually.

It is further estimated by 1988, more than half of the U.S. consumption will come from these two countries alone. A recent University of California study determined that Mexico, with existing facilities, has the capacity to double present production of broccoli and cauliflower.

We all know about the demands put upon American growers, particularly California growers, including high wages, social benefits, pesticide regulations, safe working conditions and other restraints designed to uphold the dignity and safety for all our workers and the safety for consumers.

I am outraged to find out that these constraints and consumer protections do not apply to imports to this country and to our citizens. I believe Americans have the right to know where their food comes from and they also have the right to demand equal guarantees of the wholesomeness of imported vegetable that domestic products are required to give. I am further convinced that when made aware of where this food comes from, Americans will support the unequalled quality and safety of the food produced in the United States.

Now, call it protectionist if you will, but it is time to protect the economy of an industry that is now in great peril and, at the same time, protect the health of American consumers.

If these foreign producers must adhere to the same constraints as American producers, the disparity costs caused by 30 cents per hour labor, subsidized fuel and fertilizer, and rampant pesticide abuse in Mexico, will be reduced. It will also go a long way toward creating parity in the marketing of these crops.

American agriculture has been the backbone of the economy since our existence. With steel, high-tech, automobiles, clothing and other vital products coming from beyond our shores today, we cannot afford to put our food supply in the hands of other countries, lest we become totally dependent upon foreigners to feed our people.

We ask and demand that steps be taken to insure that this does not happen in the United States.

There's about 60,000 acres of broccoli grown in Salinas Valley



annually. There was a time when 40,000 to 50,000 acres were grown for the frozen food industry alone. And there was a time when we had more than 60,000 acres. Today that acreage has been reduced to about half. And if you take the geometric progression of numbers, it doesn't take a genius to figure out that in five or six years, there won't be a frozen food industry in the State of California.

We just went through one horrendous strike in Pajaro Valley, and the purpose of it was and the reason for it was and still is, the disparity between the cost of the product coming out of Mexico and the cost of producing that product in the United States. We, by our constraints, as I mentioned earlier, have a cost of production. Mexico has a cost less than half of ours. When the product reaches the consumer, the consumer pays the price that it cost to produce in the United States. The difference is a tremendous profit. And I suggest that perhaps it smacks of profiteering.

On the other hand, I am a businessman and I am capable of going to Mexico and doing what is being done. Somewhere between the extreme of doing that and doing nothing lies some common sense. I wouldn't expect the State of California to be able to do much for us, Senator Mello, but what an opportunity to talk to you and to the public at large, to explain the problem and the concerns and the reasons for strikes and roll-backs and our concerns for the accusations that are made upon us in agriculture that we are misusing pesticides when in fact, we do a better job than anybody in the world of both monitoring the use of pesticides and creating a quality of product unsurpassed in the history of the world.

So, I think it's high time for the state, and for the federal government to take every step it can to insure that the farmers in this country and in this state are protected, even though I know the value of importing and exporting, and I'm a free trader just like you, Senator Mello, but there comes a time when free is one thing and fair is another. So, I'm for free and fair trade. And I will look forward to whatever the state could do in the way of monitoring pesticides that come into this country of products from other countries. I would hope through all of our efforts and through Congressman Panetta, who is very much aware of this as is Senator Pete Wilson, that we get something done. It is since 1982, for instance, that through the Caribbean base initiative initiated by Governor Reagan, there is broccoli coming from Guatemala with a wage less than 30 cents and with no tariff. And guess what? Mexico is up in arms over it. Because they're paying 30 cents and they

have 16.5 percent tariff. Strange how greed does set in.

I would hope that you do all you can to help agriculture stay healthy and strong in this area. Are there any questions?

CHAIRMAN MELLO: Bill, thank you for your comments. Yes, we will have a question or two. I've heard quite often about the accusation about overuse of pesticides and I think one way I've answered it is, a pound of pesticides costs from \$50 to maybe \$100 a pound, and the one that's more aware of what it's costing is the farmer and, believe me, they're trying to get by with as little cost as they can to get the level of protection. I don't know of anybody that's just throwing more pesticides out there, because it's costing big bucks to do that.

MR. RAMSEY: There's no question about it, Senator Mello, and I might add, I don't think the farmers in Mexico are stupid enough to put an excess amount of chemicals on their products, so that when they got to the border they would be tainted and not be able to be sold in the United States. The problem is just the opposite. They are capable of using chemicals that are used throughout the world, but cannot be used in California. Mexican farmers are very advanced farmers and getting more advanced all the time.

CHAIRMAN MELLO: They had good teachers.

MR. RAMSEY: You better believe it. The State of California, the University of California, and all the farmers in California. Let's think about the taxpayers, let's think about the employers, let's think about the infrastructure that goes on in this industry and see if we can't do something.

CHAIRMAN MELLO: Bill, these are good points that you've raised here. I'm going to ask Rick here to comment soon and perhaps Steve Macola. The first one on creating a tariff, which would create parity with growing and harvesting, I certainly agree with that. All tariffs, as you know, are set by the federal government. What we can do is urge our Congressman or U.S. Senators and the administration to quit fearing this retaliation. Handle the foreign aid some other way if they want, rather than through an unequal tariff system, and really put equality into our tariff laws. The second one is the country-of-origin labeling. Assemblyman Farr who was here this morning -- he had a bill introduced last year, a lot of opposition came from retail markets and the California Grape and Fruit Tree League, and I think if agriculture can get united, along with consumers; if consumers realize the importance



of point-of-origin labeling, then I think we in the Legislature would have a chance of getting it adopted.

Now, I want to ask Rick Weisberg here to comment on how far we can go in the monitoring and inspecting of the residue of pesticides, mainly because I'm convinced that they're just coming across the border undetected. Or with such a minimum amount of inspection, and here is where I think the California consumer is at risk with chemicals, as you point out, that are not allowed to be used in California or the United States but are being used down in Mexico and other countries. And, Rick, let me ask you if you would comment on -- to what extent the State of California would have in our inspection program that could be checked, and to stop this if there is an excessive amount of residue and pesticides on them.

MR. RICK WEISBERG: Well, that is, I believe a fairly simple issue. There's a long line of U.S. Supreme Court cases which have permitted individual states, for health and safety reasons under the police power that each state has, to prevent the importation into the state, both from foreign countries and from other states, of any kind of consumable product which could be injurious to the residents of that state. So, if we suspect that a product coming in from another country has a pesticide residue tolerance which is greater than what the state prescribes or the federal government prescribes, we can do extensive inspections at the point of entry if we want to. We can do practically anything with regard to those products so long as it's legitimately related to protecting the health and welfare of the people in the state.

What I'm not certain about is the extent to which we can restrict the importation of products that were produced under standards which are not legal in California, but which are clean at the time at which they reach our borders. Because the extent of the regulation has to be tied to the legitimate exercise of the police power. And as a state, we cannot reach beyond our own borders into another border. They may be doing terrible things for the safety of their people, but if it doesn't impact on the health and safety of people here, I'm not sure how far we can actually go. But we can certainly go quite extensively -- we can require certain kinds of certification -- there's a lot of case law on that. And we can certainly do a hands-on inspection in California.

CHAIRMAN MELLO: Steve may want to comment on this so-called hands-on inspection. You're talking about pesticides. A lot of the tests take more than just ten minutes. You're not able to do them visually, you have to do testing and it may be 24, 48, 72 hours before you know what the

results are. Now, the question is, how do we really apply this? Here's a truck waiting at the inspection point, and how do you do the inspection to get the results within a brief period of time so the truck is not held up, unless there is a contamination.

MR. WEISBERG: Well, one thing we can do is, we could enact legislation which requires certain health standards to be met and there's nothing to prevent the state from entering into agreements with other foreign countries that allowed our own inspectors to go down to those countries and to do the inspection prior to it being shipped into California. So the inspection doesn't have to be done at the California border, it could be done and certified before it gets to the California border. That's been done in other states.

CHAIRMAN MELLO: Boy, I can see a lot of people saying who's going to pay for it and then what?

MR. RAMSEY: I think, Mr. Weisberg, that the theory of what you speak is possible. The problem is the enforcement of a law -- of any law. And, I suppose that this is a very high level federal problem, not a state problem. And I'm confident the State of California could do something to insure the product coming in to this state is as clean as it must be when we leave this state. And if we get nothing out of this but for the fact that you now know some of our problems then good for us; but on a federal level, there are laws in Mexico, like many things in Mexico, as there... (inaudible). The tariff there is at 16½ percent. The tariff is based on the cost of growing in Mexico. And as the dollar begins to fall, so does the Mexican peso. But the Mexican peso falls more quickly than the American dollar, so always you keep that product much cheaper than here. It's a financial gain displayed in banks -- it's good business. In the meantime, it drives that cost down, it drives a wedge between the businessman who tries to run a business and the union that he must deal with trying to get more money from this product to compete with that product. It's almost like trying to put two gallons of water into a one-gallon bucket. You just can't make it.

CHAIRMAN MELLO: Any other comments on this?

MR. MACOLA: Yes, I have two if I may.

For the record, personally and professionally, I think you're right on the money and I support you. You are alluding to something developing specifically that shows great insight to this problem.

Every single piece of legislation at the state level that has tried to address or has reached the Governor -- not just this Governor -- has



been vetoed. Bills that have cleared both houses are put on the inactive file. You have to ask yourself why. Because you'll never get an answer from the Executive Branch of Government. But my professional opinion is that Washington requests those bills be vetoed. And they're requested to be vetoed on the grounds that when they negotiate international agreements with foreign nations, whatever they may be, national defense is the number one priority. You can't argue with that. However, as one of the prior witnesses said, he made reference to the Kennedy round of trade negotiations. It's just not the Kennedy round, it's any round. Once we get what we want or think what we want in national defense, we give away our agricultural... (inaudible)... things we look for in the form of exceptions. I would really not know how to advise the Senator how to solve the problems. When you talk national defense it's a federal issue. But I would also like to broaden it to an area that was not discussed today that was hinted at before when we talked about politically naive growers being unattentive. I would hope that you would not be unattentive to the economic effect of Gramm-Ruddman on our agriculture in the United States, as that's a very, very disastrous event long term and I think you know that. Staking all the federal price supports in the nation against national defense and you cannot win that unless you organize this block. You have to work with your elected officials to be organized.

So I sit here and I listen and I agree pragmatically it will be very difficult for monitoring foreign products coming across the border.

MR. RAMSEY: I look upon this problem much as you look upon a 60-minute football game. We're only about a quarter way through this game and we're behind. They came up with some plays we didn't think about. And we weren't prepared for. We're getting prepared.

But if we think for awhile and if we know we have a problem, we simply cannot roll over and play dead, because I know the barrier is out there. We have barriers every day of our lives. So if we feel strongly about what we feel, and I do, and so does the industry -- then we'll stand up and face you, Congressman Panetta, Senator Pete Wilson, President Reagan, or whomever, but they are all voters and they are all taxpayers, and that's why I'm here today talking with you. Thank you.

CHAIRMAN MELLO: Thank you very much, Bill. You've presented some very excellent testimony.

Next, we have Mr. Frank Costello, Vice President of E.V. Moceo

Company.

MR. FRANK COSTELLO: First, I'd like to thank Mr. Mello for allowing me to come and speak today. My name is Frank Costello, I'm with E. V. Moceo Company, we're a brussel sprout packing and shipping company in Santa Cruz on the north coast. We represent 11 growers and with approximately 3,000 acres of brussel sprouts. And, I'd like to speak on the immigration law. I would like to make a comment first on what we were just discussing in regards to the pesticide issue. I know that when we have to supply a product to, like either Shaw Frozen Food Company or to any buyer, we have to supply what's called a pesticide report to show, item by item, exactly what is being put on the product, when it was put on, and the time allotted to it. And, my point is, that there's extreme regulation on our part, that we have to do that, and in Mexico, where there is very little inspection, it seems a very unfair kind of situation.

But anyway, going on to immigration. I support the immigration law overall and I realize that in trying to implement this law, it's not an easy thing for all of you to do, but we have run into a lot of problems on the coast and I would like to talk about that. On the north coast, we have approximately 2,000 workers that we employ. And out of that 2,000, 1,200 have applied for their card through Ag Help and the INS. And 800 did not apply. And the reason that they didn't apply was the great fear that they have for the family unification law where they're so afraid that their family is going to be deported if they're not accepted.

I'd like to give you an example of one particular worker that we have and of what she had to go through and it's still not complete. This I would say is an average worker. She, in total, has spent \$368 for herself, not including the children. The medical was \$70, the blood test was \$14, fingerprints \$5, the pictures that were required \$6, the money order \$3; I know these are small amounts but nevertheless, they add up; the INS fee \$185, notary was \$10, and for the qualified entity was \$75, a total of \$368. This doesn't include the \$150 that was spent on long distance phone calls to Mexico to acquire the last copy of the birth certificate for her child to apply and get legalization for them. And her children cost around \$195. What I see is a law that is needed, and I know that the spirit of the law is to try to get the 2 million or so workers documented. I think, though that there should be some more flexibility in the law.

Maybe we could get some of the workers that are already here that



have been here -- for example -- this one worker that I was referring to has been here since 1976. She's lived in Santa Cruz, worked in Santa Cruz, is a fairly stable working individual. And yet she's really on the brink of possibly not becoming legal and, I think that probably the greatest ingredient that I find amongst the workers on the coast is this fear of, as a culture that doesn't speak our language, that tremendous fear in even coming forward. One individual we had, the paperwork's completely done, completed, and all he had to do was go down and take that final step, and he broke the appointment three times. And yet all the documentation was on the verge of being there, and I think with this fear, we have a situation where although some of these workers are possibly undocumented now and are still allowed to work, until December 1, 1988, once that time comes and we as employers are fined for having them, you'll see a tremendous shortage of workers at that time.

And I think the key thing is that under the replenishment program that hopefully is being put together by the lawmakers, that there is more flexibility in that law, so that we can eliminate some of this fear and possibly take care of some of the people that have been here a long time and concentrate more on the individuals who are relatively new coming into this country, and possibly being a little tougher on that, but at least making it easier for some of the people who are part of our work force now.

CHAIRMAN MELLO: We had a long morning hearing. The morning session was devoted to the immigration and naturalization. We did have here Mr. Cunan, the Regional Counsel, Tom Maddry, from the local legalization office, Arlyn Mayes from EDD, and Bob Logazino, Border Patrol. And we also had Tim Driscoll from Ag Help and Lydia Villareal from the California Rural Legal Assistance. And as you say, the figures are not really too encouraging. In this tri-county area, there's been 22,000 applications, only 350 have now been adjudicated and declared eligible for citizenship. They indicated here that once the application's filed, while it's being processed, the spouse and members of the family are given immunity until the application is found to be ineligible and then it's being returned to them and they're being told to go back to their home right here in this area. They are not turning it over to the Border Patrol to round them up and entrap them. I think in your case, there are some groups in Santa Cruz County working also; but I would get a hold of the local office here and seek their assistance, as well as any of the other outreach programs that are there helping. The difficulty they're in, if they make

application, at that point, you're given this period of immunity while you're being processed. If they don't apply, these 800 people that haven't applied, they're in greater jeopardy, because without an application being here in the U.S., they could be rounded up and just deported.

MR. COSTELLA: Yes, you're absolutely right. The thing that I have found to be difficult is explaining that fact to them and making them understand so that they have a comfort phase to follow through with it. It seems like there's a tremendous gap between how the law reads and what appears logical to us, having to explain it to someone. And that, from a pragmatic, practical point of view of working with the law, that's probably one of the greatest hurdles that we're finding and hopefully, in time, when we've been able to adjust to the law and have possibly some streamlining in it that will make it easier to tell this to the people. My greatest concern is what the replenishment program will be. I realize the law's in place and I'm not trying to sound like I want to complain about how the law is set up now. What is, is, and I realize this individual worker that we have is going to have to follow through with those requirements, but what I'm looking to is that in 1990, with the replenishment program, that we have some streamlining so that it makes it easier for us as employers to have the workers available.

CHAIRMAN MELLO: Very good Frank. And one thing. We will be having a transcript of the hearing. It will probably not be available until sometime in January. By the time we get the transcript up there and get a copy made and then get it printed. I'd say late January, but if you would contact my office, and anyone else here that wants a copy, if you'll just leave your name, once they're available, we'll see that you get a copy.

This morning's session, I think will be very enlightening, as far as the whole immigration program is being handled. We had the people here who are in charge of that.

MR. COSTELLA: Yes. I understood that this morning the emphasis was on the immigration, and my input was purely for my own industry.

CHAIRMAN MELLO: Okay. Well, thank you very much for your time.

MR. COSTELLA: Thank you.

CHAIRMAN MELLO: Next, we have Mr. Dick Shaw, President of Shaw Frozen Foods. Here's a gentlemen I've known for a long time.

MR. DICK SHAW: If I'd thought the cards were stacked, I would have, you know... (inaudible)...

CHAIRMAN MELLO: Here, wait -- turn off the microphone -- this



gentleman doesn't need the microphone. Can we shut off the microphone. (LAUGHTER.)

MR. SHAW: You know, I've often wondered -- I've been sitting up here listening to something that I probably would have been elaborating on myself and most bases are covered. I had seven speeches in my briefcase here -- this is my briefcase.

I'm sitting in an airport in Houston but the pilot didn't show up. . . (LAUGHTER.) . . waiting for a plane. And here's a gentleman from Saudi Arabia, and he says, what is that on your briefcase? And I say that's a seal identifying 100 percent American farm products. To give the consumer a choice to buy American if they so choose, because of the price, quality, etc. He says, in Saudi Arabia, we sell you a lot of petroleum products. We have enough money there to buy our own food. Well, he says, you generous people in the United States send all your expertise over there, you put us in business, and now, we not only provide our same food, we are being your biggest competitor in that area. You're shaking your head, Steve, you must agree with me.

Imports are coming in at a rate they're putting us all out of business.

MR. (Unidentified): Amen to that.

MR. SHAW: Seven million farmers have gone into bankruptcy. Isn't this great? We won't have a farmer in this country anymore. And in three more years, it's predicted another seven million are going to go into bankruptcy. How're those people going to eat? Where in the devil are they going to live? I mean, we're sitting back and giving away our wealth. I didn't come in here to tell you a nice smooth pleasant story, I'm in here to tell you some doggone facts. You go from Texas -- I was just down there, in McAllen, Texas -- and you could walk along that border all the way to the State of California, and every damn store in the whole country is glutted with Mexican products and that is undetected. I worked through my Congressman, Panetta, to get some information, and he sent it to me. And I'm looking at the restrictions that California, and Steve you'll probably verify that 27,000 samples of our products were inspected for pesticides in California last year. They said that you have no problems with the product crossing the border, Mr. Shaw. In two years, we inspected 27,000 samples and we found no evidence of illegal residue on those products. 27,000 samples of 250 million pounds of products. Are we supposed to sit here and take this? No.

I personally am going to fight back.

We are going to identify our products. Like with this "Thanks" seal, it says, 100 percent American farm products. Also, Mr. Ramsey, I don't know what I did with your rubber band. But I have your rubber band that goes around broccoli and as you expand it, it says, THANKS, 100 percent American grown. Very legible. Very legible. And I take off my hat to Mr. Ramsey. Thank you, sir. Thank you.

I just recently had a gentleman come in that is an inspector for a national chain label. He says, I just came from Mexico and I got sick. He says, I didn't drink the water. I said, well, how did you get sick? He says, I bit into a spear of broccoli.

I had the pleasure just recently to go to the Hawaiian Islands. We have a distributor over there which I'm very proud of. We have spent in our industry millions of dollars in promoting and educating the public that our products are safe and wholesome. Natural fibers are healthy for you, carotene, etc., etc., etc. Only to find out now with the theory that we have tried to promote that we have products coming in here in a lot of cases unfit for human consumption.

On the back of this, it says, "Caution. Please do not use this procedure on any imported products from Mexico or any foreign country where undrinkable water may be used in processing." And I mean it. Because, if they do not cook that product, it's very likely that they could get sick. Just like this inspector when he bit into that broccoli. We can no longer allow our people in this country to sit back and tolerate what's going on with these imports coming in.

Two hundred million pounds of product have crossed our borders that is produced -- what Wrigley produced in California -- of broccoli alone this year. I was sitting in the office the other day and this guy had the audacity to tell me that we had a beautiful county, that we're surrounded by this beautiful Monterey Bay and he says, you should go out there in this nice beautiful farmland and put retirement homes in it. They don't want what they're getting now. Which they stole from us. They want 100 percent of what we produce in the State of California and they're going to get it unless we do something about it.

You know, for so many things that were covered here previously, and I hope you don't think I'm a radical, because I'm certainly not; but I am concerned and I'm damn concerned about what's taking place in this country. If we don't stop it and stop it fast, and we lose our farmers



in this country, we have lost the wealth. You can talk about your electronics and you can talk about all these other phases in life, but basically, if you don't have food in your tummies, none of those will exist.

Am I right, Lou?

MR. ANGELO: You're absolutely right.

MR. SHAW: That's right. Today, our schools are purchasing these products that are unidentified. Some of it's coming from foreign countries, I'm not saying it has illegal residues on it or anything else. I'm just saying if that foreign country is proud of their products, then why in the hell are they ashamed to identify them?

We have to identify our products. We need the point of origin, we don't need it on the back of the box where we have to take magnifying glasses to look and find the origin -- if it's there at all. We need it on the front of the package where it says, "I am proud my product comes in here from France, wherever it may come from, and I'm proud of the product that we're selling into the United States, and it's wholesome and safe." That's what I want to see on the product.

We need to print the point of origin and identify our product: "THANKS" program isn't the answer to everything. "THANKS" is growing very rapidly on a national level. The people in the United States are ready for it. There isn't a soul in the United States that I've interviewed that is not interested in where their food is coming from.

You bet they're interested. The fact of the matter is, the reason these foreign countries don't want to identify their product is that if it was indicated or shown on the label, the people would not buy it. These products coming in from foreign countries, how can it possibly be the same comparable quality as the United States when you're growing right -- one mile from here. We can have the product in the package in 15 minutes from the time it's harvested. These people that are shipping their product in here -- it's the filthiest bunch of junk I've ever seen in my life -- it has to be dirty -- it's 10,000 miles away and handled 50 times. And, it's 15 to 20 days before it hits the market.

There is absolutely no comparison. That's the reason the American public wants to have that product identified, so they can find out where that product comes from, and what product they want to consume. And also, get the fairest prices.

I just came in here from New York, so I'm not in a good fashion. I'm

a little bit tired. But on the other hand, I go back there to save a market. The Waldbaum Market. And I think that some of you people that are in produce will realize, it's a pretty substantial customer. And I fought for America's products back there and I'm going to fight till the day I die and I'm going to live to be a 110. So don't expect me to pass on tomorrow. (Laughter.)

I'm going to fight till we get these point-of-origins on there and get some identification and allow the public -- get the public -- they're not suckers out there -- give them a chance to buy American if they so choose because of the quality and the price.

You go right into a grocery store in this country, or Santa Cruz County and you pick up a package. You look at the back and the package says: "Product of Mexico." And I'll look at the price. A 20-ounce package, \$1.54. And I come back from New York, and I'm searching in my pockets. What am I delivering that product or package down there in New York, the same size? Eighty-two cents, ex-warehouse. That's my product, that you can consume, that's safe and wholesome and the color's beautiful and the texture's marvelous.

I don't buy it. I can't stress strong enough that everyone in this room has to move somebody to get something done in this country. Because if we don't and we lose the farmer, I just pity everybody. I've been through the depression, I'm not afraid of it.

I'm not afraid of it at all. And I'll tell you, I don't think a lot of people out there will be able to cope. An indication now is the stock market. People are beginning to lose faith. I think the strong people in life -- I've known Senator Mello all my life practically. I don't say I totally admire him, but I do -- I do recognize him...(laughter)

CHAIRMAN MELLO: What a compliment. (laughter)

MR. SHAW:...for taking a stand and position on this and there are few politicians that are getting involved right now and all I can do is push and pull and pray that everybody, including you people in this room, get behind some of these programs and say -- what was mentioned earlier. We have to tell the political field what our interest is. Get behind these programs that exist today and let's go on and fight for a change instead of sitting back and doing nothing.

MR. (Unidentified): Amen.

MR. SHAW: There was so much covered by Gilroy Roods, Bill Ramsey and Frank Costella, I'm sure that what I would say would be just repetitious to what they've already said. I hope I held your attention.



MR. SHAW: I just want to let you know that Martinelli's Apple Cider has our THANKS seal on all of their items now. And can I tell you something else, people? They pay a premium to their growers. They pay a premium. A lot of the flower growers that deliver the roses to the White House just recently had the THANKS seal on his -- he has this one -- the official seal on his wholesale roses. President Reagan noticed that seal and he said it's about time somebody takes some pride in American agriculture.

I'll leave you with that. I'm sorry that I wasn't prepared and I don't have a written speech.

CHAIRMAN MELLO: Dick, thank you very much. Just think if you weren't tired. (Laughter.)

MR. SHAW: I will show you one thing here in relationship. This came in the mail just recently. See what New Jersey's doing. Grown in the U.S.A. We have to go together in this fight. This fight isn't just California, it's a national fight. We have to get there and say, all right, by golly, we're proud of our product. Let's get behind it. "Grown in the U.S.A."

That just came in the mail. Well, thank you very much for the opportunity. (Applause.)

CHAIRMAN MELLO: Dick thank you. Dick's doing a heck of a job on his own. Just think if there were just one more Dick Shaw doing the same thing, we'd be able to do twice as much, but this whole idea of "THANKS" is his idea that's catching on. I turned on the TV the other night and here was Dick Shaw being interviewed by a San Francisco station, I think, wasn't it?

He was giving a great talk and it's always a pleasure hearing him. Not only are your thoughts really right on but they have to be implemented. And I think we can make some headway. Rick just reminded me that one of your concerns about the schools -- you said the schools are buying this product unlabeled. I turned to Rick here and I said, how can they do that? So, Rick, tell us what is going to happen in that regard.

MR. WEISBERG: Well, legislation was enacted this year which will go into effect January 1. As I understand it, Steve, it would require the schools to purchase domestic agricultural products if there's no financial difference in the cost of the product.

MR. STEVE MACOLA: For background, the bill on that subject went through the process and was vetoed. Assemblyman Waters, you're correct Senator came back with another version of it. It was substantially toned

down than the version that was vetoed. What the precise words are, Senator, I honestly don't know. I think it sounds right, Rick, but I don't want to say yes or no, okay?

CHAIRMAN MELLO: At least, that's a step in the right direction. Everything being equal, they have to buy products from California, but if it's a cent more expensive, they have the freedom to go elsewhere.

I had another run-in with the state, General Services, who was buying apples -- canned apples -- and they wrote the specs up and from what David said, they had them originate from the State of Washington. And so the apple people got ahold of me and I couldn't believe it when I read these specs. I contacted the department and they were reluctant to change but they finally did because just by changing... (Inaudible)... so that California could compete. In other words, they were paying more money to have them shipped from the State of Washington down here and also, they're competing against our own taxpayers right here in the State of California.

All right. Our next speaker is David Miyashita, Chairman of the Monterey Bay Flower Growers.

Our next three speakers are going to be talking about another very important industry. When Dick Shaw said your tummy is hungry, I got to thinking about the flower growers, and that strikes the heart, not the tummy.

MR. DAVID MIYASHITA: Absolutely. Thank you very much. My family and I grow roses in Watsonville. We have a small operation there. And we've been in business for about 15 years and have seen numerous changes in the industry. As a representative of the flower industry here and in the Monterey Bay area, my concerns along with the other growers' concerns deal with the total cost of our product, with the labor, energy and such, and also, the control of disease and pests in our products. We, along with the produce people, are operating in a world-wide market, and find products from South America, we find products from Israel, and we find products from Mexico being available widely across the country.

We continue to fight against these products because they're coming in considerably cheaper than what we can grow or produce them for. We do have product differentiation and that is bulk. We grow some of the best flowers here in this area, but there are times where we're looking to sell our flowers at two to three times the price that imports are coming in at. And we find it very, very difficult to move even high quality flowers without having to discount them. And potentially it runs into a situation where we may lose money. Because of these price



differentials, we would like to at least have some kind of protection. Perhaps the answer might be using ...(Inaudible)...to promote our products, we're not quite sure, but unfortunately, we're in a situation where our business is not as viable as it used to be. We will probably see the actual result in the near future.

Our second concern is the controlling of pests and diseases. We're constantly being restricted in terms of regulations and what chemicals we can use, and the availability of chemicals that are safe are not being developed at the same rate. We're finding that we're running into a situation where we just don't have enough in our arsenal to fight and combat these insects and diseases which have grown resistant to products that we have now. It's not uncommon for the chemical companies to spend large sums of money in producing just one chemical. And, unfortunately, in our district, we're just not large enough to attract these chemical companies to encourage them to develop more chemicals.

We would like to see if not on a private basis, at least through the universities to expend some time and energy in developing new methods of controlling insects and pests. We are finding at this point in time that professors in horticultural departments are not being replaced after retirement -- that they're not being replaced, and so, we see that we're kind of at a situation where we're not quite sure whether we're going to have enough chemicals to stay competitive at the quality level that we have maintained up to this point with the imports.

And that's really about all that I have to say. Are there any questions?

CHAIRMAN MELLO: Thank you very much. One question. I know that the University of California Extension Service works very closely with the flower growers. Are they being of some help as far as research?

MR. MIYASHITA: Certainly. That's very true. They do work very closely with us, but there is certainly a lot more research that can be done to improve our situation.

CHAIRMAN MELLO: What areas of research -- pesticides?

MR. MIYASHITA: Especially, at this point in time, with Proposition 65, we're really not sure where we're going to be, what kind of protective actions we have to take, so, if we can at least have chemicals available, even additional research, which might lead to other use of chemicals. But, certainly that's one avenue that the university can take which really hasn't been researched thoroughly.

CHAIRMAN MELLO: You can talk to someone at the University of

California, right there at Santa Cruz, which is adjacent to a lot of flower growing throughout Monterey Bay area. They are moving more into sciences, natural sciences and research and it might be that we can get them interested doing some additional research. Usually there's some land being made available where they do a different type of planting. Let them come in and do the monitoring and research, they'll use a plot at or near your own location, and then do something in the laboratory there on the campus.

MR. MIYASHITA: That would be a great idea. I know a lot of the research right now is done in Davis.

CHAIRMAN MELLO: Right.

MR. MIYASHITA: And that's a considerable distance from where we're located.

CHAIRMAN MELLO: What you might think about is putting some thoughts together in a letter to me and I'll be happy to take it up with the Chancellor there, because they are diversifying and I think now is the opportunity because they're into more marine sciences and getting more involved. They're still doing the humanities and liberal arts that they did when they first started, but they're expanding into more vocational types of programs -- natural sciences, oceanography and marine sciences, and this might be an area that they would be compatible with their goals.

MR. MIYASHITA: Very good.

CHAIRMAN MELLO: All right. Thank you very much.

MR. MIYASHITA: Thank you for this opportunity.

CHAIRMAN MELLO: Next, we have my neighbor, Mr. Harry Fukutome, the owner of the Fukutome Nursery on Freedom Boulevard in Watsonville.

MR. HARRY FUKUTOME: Thank you, Senator Mello and members of the committee. I appreciate having this opportunity to explain about this program concerning the flower growers. I will keep this presentation as short as I can, because other flower growers have material to present. These charts are based on the products from your own district. And I'd like to explain where we are and what we flower growers are doing and how this affects us. The first chart shows, in Monterey County, nursery crops is the number 4 biggest product. In Santa Cruz County nursery is the number 2 product, which is a very important commodity in this area. Within these two counties including growers from San Benito County, we usually call this area the Monterey Bay area.

The second chart shows we have a total of 25 million square feet of



greenhouses within your district. And the next chart explains how each commodity is doing. The carnation since 1966 has gone up in terms of square footage and is expanding. The chrysanthemum after 1984 is declining. Roses are still going up. Others are stable or a little down. So what happened among those commodities is on the next page. Next page shows the total United States production; carnation showing 47,235,000 square feet growing area in 1970 down to 17 million in 1986. Miniature carnation went up. Chrysanthemums from 39 million down to 9 million. Pompon 39 million down to 30 million. Roses from 21 million to 25. So these commodities are going up and down.

So open next page, please. Next page shows our carnation friends. As of 1973 the total U.S. production was 642 million and that went down to 352 million in 1986. On the other hand, imports increased from 17 percent in 1973 to 73 percent market share in 1986. In other words, three out of four carnation consumption in this country is from outside of the country. That takes in all other carnation growing areas in the U.S., like New England area and Midwest. Not only the main growing area is down by our area and also San Diego, but others such as Coronado and San Diego area are also sharply declining. The total U.S. chrysanthemum consumption went down, and this was affected by import programs here. Roses are still going up, but imports are catching up with the carnation trend.

Next page, please. I made a copy from International Trade Commission when they made a preliminary study last year sometime. This shows some standard carnation income and loss experience of 49 U.S. growers. It shows from 1983 that net income before income tax was 6.5 percent, down to a 2.8 percent in '85. That's showing a significant decline. Same thing happening with miniature carnations, chrysanthemums and also pompons. And the last page shows the price difference between imports and domestic. So this material is really valuable in showing how much imports have affected the United State's total flower industry.

Although in this area we still keep growing, each year our profit is declining and we are facing poverty. Still, there is a big demand for California-grown flowers in the United States and for that reason we are still staying in business and trying to figure out ways to make as much profit within these conditions. We are trying hard to improve our quality and maintain our profitability. But the records show the declining trends and unless we take some drastic measures in our growing area and legislative area, we cannot survive.

This mainly relates to federal business, not much from California State, but still I encourage the Legislature to keep in mind what is happening and when somebody has a chance to improve federal legislation, I hope you can help. I presented this record to you so you can see how bad we are doing. We don't want any heavier problems from our state legislation to come out on top of this policy. And also, there was mention earlier regarding the university extension service. This year, two professors happen to be retiring from Sacramento horticulture positions. That's Dr. Harry Kohl and Dr. Tony Kofranek. I think horticulture, environmental horticulture, in this state, is a very important position and I hope they can replace both Dr. Harry Kohl and Dr. Tony Kofranek.

Thank you very much. (Applause.)

CHAIRMAN MELLO: Thank you. That was very interesting and also, it shows that the news was bad enough on broccoli where all the gain coming from outside the State of California and other countries. Actually in bar form -- it shows that California is going downhill and Monterey Bay area is just staying the same. It looks like the carnations imports have gone from, as you point out, 5 percent share up to 73 percent. One of the things that I think is happening, flowers coming out of Columbia and some other places -- I heard a few years ago, that the government there was subsidizing the freight and also subsidizing the flowers themselves. Is that still going on from other countries?

Yes, they fly them in from South America and yet they're subsidized to the point that they can undercut our market here. The same thing is happening in Hawaii and I think Spain has a price support of subsidy on their wine and they're paying there and that's why a lot of that wine can come over here at very low prices.

Next, we have David Ninomiya, Past President of Roses, Inc.

MR. DAVID NINOMIYA: Thank you for the time to express some of the concerns of the rose industry. I am David Ninomiya, 325 Espinoza Road in Salinas, California. I am the Past President of Roses, Inc., a trade organization of 96 rose growers. Roses, Inc., represents 112 California rose growers who produce approximately 55 percent of the United States cut rose products which have been impacted by imports of cut roses as other cut flower crops have. You will find a paper, on page three, showing how far increases of imports have occurred from 1971 to 1986. These figures are from the United States Department of Agriculture.

Due to the fact that the rose industry has lost much of its market



share to imports, we have asked Congressman Leon Panetta to introduce trade legislation for roses. This was done in H.R. 750. You will find material in support of H.R. 750 in that packet.

On March 30, 1987, we asked Assemblyman Robert Campbell to introduce Joint Assembly Resolution 33 in support of H.R. 750. We understand that this resolution is now in the Senate Banking and Commerce Committee. We would ask for your support on this resolution.

The last area of concern that I wish to discuss is the California Department of Food and Agriculture Pest and Worker Safety Program. We in California agriculture believe in safe worker conditions for our employees. Most of the nurseries are small operations in which owners or managers work alongside employees in everyday performance of the same job. Therefore, it would be foolish for us to use chemicals to jeopardize not only our employees but ourselves.

California Department of Food and Agriculture has been unwilling to accept the work of different chemical companies in registration of new products for use in California. Products which the Federal Environmental Protection Agency (EPA) has registered for use in the United States has taken two to three additional years to get registration in California. Three chemicals come to mind, Milban, Rubigon and Avid, as examples. A chemical named Telstar, now registered by the EPA for use in 49 states but not California is another example. We cannot afford to handicap California's number one industry, agriculture, by making them wait two to three years while the rest of the United States moves ahead.

Thank you for this opportunity to express some of these important observations.

Thank you.

CHAIRMAN MELLO: Thank you very much. I was just wondering why you went to the Banking Committee, but it's probably because it has to do with tariffs and we'll be taking that up in January or February. I'm on the Banking Committee, so I'll try to help get the bill passed out of there.

MR. NINOMIYA: We'd appreciate that. We understand, because it is not a state issue but a federal issue and it's only a supportive resolution, and we ask for your support.

CHAIRMAN MELLO: We have a good Chair. The Chair of that Committee, Senator Rose Ann Vuich, who is a farmer also, and I'm sure she's going to be sympathetic to the bill.

Thank you very much and thanks for the very informative written information that supports your testimony.

MR. NINOMIYA: Thank you.

CHAIRMAN MELLO: Next, we want to call on Mr. Ron Enomoto. He's from Half Moon Bay and Enomoto Roses.

MR. RON ENOMOTO: Good afternoon, Senator Mello, and ladies and gentlemen of the staff. My name is Ron Enomoto. I'm a rose grower from Half Moon Bay. Today I'd like to speak on behalf of the California Floral Council. We represent about 300 growers from San Diego to north of San Francisco Bay. And again, I, like so many others, would like to thank you for permitting us to supply you with input in "a non-crisis situation." We're not just reacting to some pending legislation. I would hope that you would appreciate the fact that the greenhouse industry is true agriculture, but it comes with a little bit of a different perspective. I'd like to comment on four areas of concern and also to perhaps project some sort of action that might be taken on our behalf.

In the area of immigration, I'm greatly concerned about the undercharges being paid by many of the illegal aliens as they go through the registration process. And those undercharges are being extracted by the legal profession. Now there is, and I acknowledge, a great reticence on the part of the undocumented worker, to seek registration. I want to comment on the SAW program, specifically as it relates to the replacement workers program, which is a corollary of the old legislative process. Many of the nursery workers have received their registration through the general amnesty provision of the legislation, but not through the SAW program. Now, the SAW program numbers will be used to develop a number of replacement workers. And if a lot of our workers haven't gone through the SAW program, and we need replacement workers later, they won't be there. And some people that are working for us now that have registered will undoubtedly be part of our work force and so we will require replacement workers in the next two or three years. And I foresee a worker shortage when that occurs.

In the area of foreign imports, I am a rose grower and can speak mostly about roses. Most of the imports currently come from Columbia, about 80 percent of the foreign product is from Columbia. But Mexico production is advancing very, very rapidly. But for your interest, roses now come into the United States from 26 different countries. California produces almost 70 percent of the roses grown in the U.S.A., yet we have 10 percent of the population. So we're like produce, we're a shipping industry. The rose importation from foreign countries is currently increasing at the rate of 25 percent a year, compounding every year. And we don't see any reason for that rate of increase to slow down.



Mexico, as I mentioned, is potentially, I think, of the greatest concern. When you look at the tremendous devaluation of the peso, the under-regulation of their worker and consumer safety, the government subsidies, I think are very important. Not only in the flower industry, but in the vegetable industry. Not only the lack of regulation, it's the government subsidies for loan interest rates, government subsidies by the foreign governments on their income tax rates, they have foreign national airlines that give subsidized freight rates, and the foreign producers are also involved in dumping into the United States market.

Unfortunately, the relationship of the United States government and the Mexican government, especially in the State Department, will probably preclude any sort of sensible enactment of economic safeguards.

The rose industry has specifically sought federal administrative relief and we have received very, very little or no success. And I applaud the Senator's comments concerning level playing fields in the area of foreign trade and I guess we would ask that you would support what has been called the Rose Equity Bill in the federal government that would equalize the tariff of products coming into the United States with the tariff that we experience when going into the economic community.

In the area of pesticide regulations, these are obviously undergoing drastic revisions due to Prop. 65 and other programs that mandate worker and consumer safety. Many of our materials are being removed from the marketplace, and it is ironic we are being forced at times to use materials that are more toxic than the materials we are currently using.

Specifically, as an example, there is a proposal to enact a 14-day reentry period for some very safe materials that we've been using for years and obviously, we cut roses twice a day. We cut our entire nursery twice a day and if we have a 14-day reentry period, obviously, we just cannot produce. The 14-day reentry period is being based not on toxicity of the materials but on unknown long-term effects.

Now, why can't we have the long-term testing prior to changing of regulations? Going to many crops would become impossible, especially in this area of the Monterey Bay.

And I think it's also very inconsistent that a material that can be used on food crops just two days before harvest can't be used in commercial cut flowers, where if it is used, we cannot enter that product for 14 days but you can eat it on Thursday.

Another example is what do we do when we have a greenhouse building that's an acre of continuous building? Can we spray one line? Where

is the regulation enforced as far as reentry? Is it that one line? Is it the whole acre? We have been talking with CDFA and it is very difficult for us, I think, to present our point of view and receive a proper hearing.

The full effect of Proposition 65 obviously is now upon us and I think that this is something that we can't even imagine at the moment.

The last topic I wish to address is Assembly Bill 598, by Assemblyman Kelly, and it relates to license fees as it relates to the nursery stock industry. Growing of plants, selling of propagating material and that sort of thing. And the money generated is used for Agricultural Commissioner's budget because they inspect the nursery stock and issue certification, and this, I think, is a valid concern to insure that our industry is safe from pests introduced from outside the area, as well as us shipping pests to other areas of the country.

The Agricultural Commissioners also enforce pesticide regulations of our state. Now, a few years ago, the cut flower industry, we as growers were included in this nursery stock license fee and were required to pay the license -- the stock license fee which gives us little or no benefit because we don't ship propagated materials. Now this current legislation, No. 598 will increase the current fee which is \$65 maximum plus an acreage fee for a total of no more than \$300 a year. The new limit would mean a maximum of \$200 a year and an acreage fee, a total fee, not to exceed \$600. And I object to the tripling of this fee and the doubling of the maximum fee.

But what's this money going to be used for? Well, this is the worst part of the whole piece of legislation. The funds that would be generated would, I think, obviously help to defray the cost of the Agricultural Commissioner, but the funds would also be used for promotion and for research without the consent of the growers. Now, there is currently a mechanism available for that sort of program and it's called marketing orders. But marketing orders also require a grower referendum. Now, this Assembly Bill 598 is a back-door, non-grower-choice method of ramming taxation upon growers, ostensibly for promotion and research but without any sort of grower determination.

CHAIRMAN MELLO: Mr. Enomoto, let me ask you a question. Where is this Kelly bill at now?

MR. ENOMOTO: It's a two-year bill. I have a copy of it.

CHAIRMAN MELLO: It's probably going to go in a graveyard.

MR. ENOMOTO: I hope so.



CHAIRMAN MELLO: Mr. Macolo -- we haven't seen it. It would be an ag bill, wouldn't it?

MR. MACOLA: Yes.

If I may, Senator?

CHAIRMAN MELLO: Yes.

MR. MACOLA: Jerry, have you written Senator Mello expressing opposition to that bill?

MR. ENOMOTO: (Inaudible)

MR. MACOLA: The reason I ask is, as we go through the process, that letter is very important in what happens to that bill. If we have one letter of opposition, it can go on a "no consent" calendar. It gives your elected officials the opportunity and the Committee to know there's opposition.

MR. ENOMOTO: It was introduced February 12th, but I got my copy about ten days ago.

MR. MACOLA: Do you know where it is right now? Is it still in the Assembly? Or is it in the Senate.

MR. ENOMOTO: I think it's in the Assembly. I'm not sure.

CHAIRMAN MELLO: We don't start tracking bills in the Senate until they get to our house. There's already 3,500 bills introduced in the Senate and over half of that killed over there. There are 1,700 bills in the Senate and a lot of them are two-year bills as well, but we will follow up on the bill and take a look at it.

MR. ENOMOTO: Okay, fine. So, I guess then that is a mode of action and I would hope that you would investigate the bill and oppose it. But in addition to opposing this bill, I'm wondering if there's any way that we can get cut flower growers out of this nursery stock license fee. I don't see that we derive any benefit from it and at that time, it was reported to be a use tax or a user's fee.

CHAIRMAN MELLO: You know when there's a bad bill and one group gets out of it, then they're happy, they're out. But then you leave everyone else hang. If the bill is bad, kill it, and that way you -- I mean, agriculture has to start sticking together. What happens to the frozen food industry that we heard from today?

MR. ENOMOTO: I don't see any reason why we should be having a license -- nursery stock fees put on us when we don't have any need.

CHAIRMAN MELLO: Well, Mr. Kelly, I know very well. He's a farmer himself. I think he grows apricots, and I'm surprised that he's doing that.

MR. ENOMOTO: Senator, if I might -- The impetus came from CAN, California Association of Nurserymen, primarily from its retail operations members, and they want --

CHAIRMAN MELLO: They have a program -- Are they going to be used for a specific -- reason?

MR. ENOMOTO: Promotion and research, yeah.

CHAIRMAN MELLO: Well, if the industry supports it, we don't mind people taxing themselves if they want to.

MR. ENOMOTO: Well, if they want to do that, they can have a marketing order.

CHAIRMAN MELLO: Well, marketing orders come and go and they haven't been all that successful.

MR. ENOMOTO: But at least, it gives us a chance to vote.

Thank you.

CHAIRMAN MELLO: Okay. Well, thank you very much. And we'll certainly look up that bill.

And if it is sponsored by the industry, if they want it, we usually try to go along with an industry that's hurting, try to promote some research or some other marketing just so that the program is fair, but if this is a two-year bill, there must be some problems with it somewhere.

MR. ENOMOTO: It is my understanding that even within the CAN, the California Association Nurserymen Board, the vote was 15 to 17. They are not strongly supporting it.

CHAIRMAN MELLO: Okay. Thank you very much. My good friend, Mr. Enomoto, came down from Half Moon Bay today to be here and we thank you for traveling that far.

Our next scheduled speaker is Mr. Jack Sullivan, Member of the Advisory Committee for Agriculture Export Program.

MR. JACK SULLIVAN: Senator, ladies and gentlemen.

CHAIRMAN MELLO: I forgot to say, you came all the way from Porterville, right?

MR. SULLIVAN: No, Saratoga, just up the line.

CHAIRMAN MELLO: Oh, oh, that's the next person. Right. I'm sorry.

MR. SULLIVAN: I was asked to come down here yesterday on rather short notice.

I had nothing really to grind, as far as an individual's concerned. I retired, 1980, after 47 years in various and sundry aspects of agriculture. I felt that when Clare Berryhill came by and said would you serve on this committee for a little while, I thought I'd do a little



balancing of the books.

In 1981, California enjoyed a record 4.1 billion in agricultural exports. Approximately 30 percent of the state's 3 billion, 800 million total production. In recent years, we have suffered a severe decline in exports, falling to 2.90 billion in 1984. That trend continued in '85, having a devastating effect on prices for a wide variety of our agricultural commodities. Many factors contributed to the decline of the export market; briefly, a very strong U.S. dollar, tariff and non-tariff barriers, cheaper competition, and in many instances, I am sure, the lethargic part of many marketing people.

On January 1, 1986, Assembly Bill 1423, Foreign Market Development Export Incentive Program, became law. The program, triggered by the dark export picture had five major components: It provides matching funds to qualified producers and packers, etc.; offers professional guidance where needed; serves as an information center for exporters and buyers; develops and facilitates promotions and trade fairs; and assists in tackling trade barriers. The Ag Export Program will match dollar for dollar for your export marketing efforts. Because of the passage of AB 1423, \$5 million annually is available for qualified cooperators in the Ag industry through the year 1990.

Who is qualified for the funding? Any producer or packer, etc., of California agricultural commodities; and gentlemen, that goes from forest products to kiwis, from bull semen to strawberries. We primarily are interested in new products promotion.

Are cooperatives unable to obtain federal funding? The market's not currently authorized by FAS. Some of the activities that would qualify under the act are the costs of displays and promotional materials, advertising costs, in-store demonstrations, trade shows and exhibits, some costs of consumer sampling, market research and other qualifying promotional activities. How can you qualify? Contact Ag in Sacramento and you will receive an information packet with guidelines and an example of a marketing plan proposal. Develop and present the proposal. And I might say in passing, the fiscal year is July to June and proposals for the coming '88 - '89 fiscal year are open now and probably will be closed the end of February. So, if you're going to consider asking for any help, start doing a little work over the Christmas holidays, because time is always upon us. Submit by the announced deadline your proposal for evaluation and funding recommendations. After the marketing program is approved, a 50 percent reimbursement can be allocated on a mutually agreed

payment plan.

To date, have we had all winners? Sorry to say some failures have been cropping up now and then. The program has been in place a little over two years. Looking back, it is hard to believe the lack of interest that was exhibited in the program's initial stages by a very large segment of marketers of California ag products.

Many turned heels with the birth of the Common Market and the subsequently high-flying dollar that triggered stiff market price competition. With the demise of export departments' efforts stopping and pushing many of our Cadillac-quality specialty crops in world markets. A few organizations continued through the slow years to fight and develop new business in their historical market and in the peaking pacific rim. However, it was very simple to see that the export fire of the 60's and 70's was burning low in the first half of the 80's. Again, with some exceptions. We're not here to take any credit for what we see as a fascinating turn-about in California export marketing efforts.

The federal government's enactment of the T.E.A. program (Trade Enhancement Act) coupled with the state's incentive program is beginning to work. Stimulated companies, packers and growers, thinking export started coming out of the fields. We have been plagued by requests for the numbers, but it is still a little early to talk positively about successes when most of the cooperatives are working on are turning out to be two and three-year marketing efforts.

Here briefly is approximately how recent funds were allocated by commodities. Fresh fruits, melons included 28 percent. Dried fruits and raisins, 14 percent. Nuts, 13 percent. Vegetable crops, 10 percent. Wine, 16 percent. Cotton and rice, 6 percent. Livestock and poultry, 6 percent, and miscellaneous agriculture is 7 percent

The money was allocated along the following geographical areas: the Pacific Rim, 52 percent; Canada, 32.3 percent; Europe, 11.9 percent; the Middle East, 1.9 percent; Mexico-Central America, 1.2 percent; and South America, .07 percent. Since January 1986, I have received over 280 proposals for support of various commodities. For the 1987-88 fiscal year, July to June, the ag export committee received 130 applicants; 97 were funded and now have the product in the marketplace, pushing for business. We feel certain that California's export dollar figure will top \$3 billion come next June.

Just a quick review what is happening. The 1985 fiscal year was the low point on the state's ag exports. The figure was 2.7 billion. Since



the high of 4.1 billion in 1981, the 1986 fiscal year showed the first turnaround of the five years here. In 1986, fiscal reported movement of slightly in excess of 2.8 billion, really without the positive help of three of the major crops in the state; namely, rice was off 50 percent, wheat was off 50 percent and cotton was off 30. Preliminary reports for 1987 on the top 35 commodities are indicating a plus of 39.1 percent over '86 for three-quarters of the year.

There are some incomplete figures of interest to the Salinas area for the first 6 months of 1986-87. Asparagus, the first figure will be the '86, the second figure will be the dollar volumes in the half the year. Start with the previous year, 7.7 million; this year, for half a year, 12 million. Broccoli, a small item, \$41,000; this year, \$81,000. Cauliflower, \$32,000 up to \$49,000 for the half year. Lettuce was 2 million; and this year it was up to 2.5 million. Strawberries were 1,400,000 and this year, 2,100,000. Wine was 7,600,000 and this year, it's up to 13,700,000. Remember, all these figures relate to export business.

In themselves, not deficit-curing, but in the aggregate chipping away in ag efforts. We will now open the floor for any questions.

CHAIRMAN MELLO: Let me ask you. Do you have a copy of your written testimony? Could you give us all your statistics?

MR. SULLIVAN: Senator, I'll have those to you by next week.

CHAIRMAN MELLO: All right. Where do you want them sent? Do you want them sent to me?

MS. HUSTON: Yes.

CHAIRMAN MELLO: All right. Do you have my address?

MR. SULLIVAN: I'll get it.

CHAIRMAN MELLO: Okay. Our Consultant to the Select Committee on the Wine Industry, Mr. Lou Angelo, has a question.

MR. ANGELO: Not a question, but a comment, Mr. Chairman.

CHAIRMAN MELLO: Pick up the microphone.

MR. ANGELO: Oh, yes.

CHAIRMAN MELLO: Throw the switch on.

MR. ANGELO: I just wanted to compliment you and the managers of this program for an excellent program. Two weeks ago, the Select Committee on the Wine Industry, of which Senator Mello is Vice Chairman, held a public hearing in Sebastopol. Unfortunately, Senator Mello had another commitment elsewhere and wasn't able to attend; but we heard from George Urda, who is responsible for managing the program in Sacramento, and two people who have used the program very successfully to promote, market, and sell

wine abroad. One was Linda Johnson, representing the Sonoma County Wineries Association, with a very excellent program in exporting wines to Canada and the Pacific Rim, and the other from Soren Axelson, who was formerly here in Carmel, a constituent of Sam Farr's, who has now moved to the Bay Area, but while he was living here, he successfully, through this program, marketed wine to Copenhagen, Denmark, sold 44,000 cases of wine, which was bottled there with California labels on it. Due to the fact that the bottlers in Copenhagen didn't want to have the wine shipped in bottles, it was sent over in bulk. But the first question Senator Alquist asked of Mr. Urda was if the program could use some more money. He chairs the Budget Committee in the Senate, and the answer was an unequivocal yes, and certainly, I think there will be some strong efforts made in that direction.

MR. SULLIVAN: Unfortunately, Mr. Angelo, we've had to tailor a lot of these programs. Some cooperatives come in with \$50,000 figuring that with the budget we might automatically reduce it \$25,000. Naturally, he's going to have to figure out where he's going to use it to the best advantage. Even though I was here today listening to the various people talking about the problems they're having with imports, the very same firms go to Sacramento and, with the glove on the other hand, start thinking about export. If they haven't the ability themselves, within their own organization, or do not have an export market -- there are a lot of field brokers in the State of California that can help them out. Just getting out there and pushing. California got lazy, there's no question about it. The 80's, they got lazy. Today, you've got to keep moving. Because as we lose markets, we need to develop markets.

CHAIRMAN MELLO: Well, they are not lazy now. You heard Dick Shaw speak here.

MR. SULLIVAN: I know Dick, yeah.

CHAIRMAN MELLO: Thank you very much, Mr. Sullivan.

MR. SULLIVAN: I'd like to say, Senator, that one of the items we do request of participants is that they put the word, "California," even though the commodity may be bulk, on their 615 pound bale of cotton, etc., etc., whatever it may be. We're pushing California. Thank you very much.

CHAIRMAN MELLO: Thank you very much. (Applause.)

CHAIRMAN MELLO: All right. Ben Davidian is here -- he's President of the Agricultural Labor Relations Board. I asked him this morning if he wanted to make a comment. During lunch, Mr. Bill Ramsey said if I would make the suggestion again, he might feel tempted to come up and say



a few words. So, I'll ask Mr. Ben Davidian if he'd like to make a comment at this time.

MR. BEN DAVIDIAN: Thank you, Senator. I want to express my appreciation to you for inviting me to come down today. And as I introduced to you and to the audience awhile back, I was with Mr. Don Salens, who's the Regional Director for the Agricultural Labor Relations Board here in Salinas and that is the fellow that I think everyone ought to get to know who's in this area. He's a guy who is reasonable and very knowledgeable. He used to be a regional director for the National Labor Relations Board; he's spent a great deal of time in the last 15 years he's been in Washington with the NLRB, so he's very, very familiar with the labor, labor law and since the ALRA was designed after the NLRA, he's very quickly adapted to the needs of the agency here in this area.

For those who haven't met me, and I've met a number of you in my various travels around the state, I'm trying to become familiar with agriculture as quickly as I can. I'm not going to try to tell anybody that I'm Farmer Ben, because I'm not, although I've lived around agriculture all my life, I've grown up in the Fresno area and the Tracy area, and I've been around it, but I've never been a grower. I'm trying to learn as quickly as I can and I'm trying to establish the ALRB as a fair and impartial board in the eyes of everybody, farmers, workers, growers, and everybody alike. And in those efforts, I'd appreciate any input that I can get from anyone on the panel, anyone in the audience or anyone else you may know. My phone rings and I pick it up and answer it. I'd like to talk to anyone who has anything to say to me to help me learn about agriculture. I appreciate the opportunity to come here today. I've learned a great deal about some of the problems that are facing the growers in the State of California and those type of words can be very beneficial to a lot of us in Sacramento, since we don't have that experience. I am anxious in bringing the rest of the board down here to the Salinas area and introducing them to this area and some of these folks, so they get the advantage as well.

Thank you very much.

CHAIRMAN MELLO: Very good, Ben. Thank you for coming. And, also, I'm sure if the board comes down, they will be certainly welcomed by all the agricultural industry here in the area.

MR. SHAW: I'm sorry to interrupt your procedure here, but I have one thing which could be vital, at least for somebody to have in hand in order to study it. I have a point-of-origin bill that is now presently

operating in Florida that should have been in my hands this morning and it didn't arrive. But as soon as I get it, I will forward it on to you or anybody else that wants a copy, I'd be very happy to do it.

CHAIRMAN MELLO: Very good. Assemblyman Farr introduced the bill last year and I think I'll be discussing with him and probably if we go with the bill again, he'll provide the leadership and I'll try to help him all I can, because I believe in the point of origin.

Next, we have a gentleman here that came all the way from Porterville, Mr. Garibay.

MR. HENRY GARIBAY: Senator Mello, panel, ladies and gentlemen. I'm out of Porterville, California. I'm involved in the design and building of farm trailers and specialty farm equipment. And in doing so, this has made me aware of some of the problems that the growers have in transportation of their crop.

In the Vehicle Code, Section, Chapter 16, Instrument of Husbandry, is a law that was put in as a tool for the grower to utilize which is very inappropriate. It has some sections in it that do not allow the grower to use it at this time because of weight limitations placed on this use. These trailers are specialty equipment designed to load and unload these farm products and be transported from the field to the point of process. But, under the code in the Instrument of Husbandry, the Code Section 36109, it states that a trailer that weighs at the gross weight of 6,000 pounds is not a legal instrument of husbandry or farm trailer. At this time, the unit that is being produced and manufactured for sale for use in our farms will weigh in excess of 6,000 pounds. So, he can buy such a unit as an Instrument of Husbandry or farm trailer, but when he gets it, he's not able to carry the product.

CHAIRMAN MELLO: What are you suggesting? Are you looking for some legislation to raise the limit?

MR. GARIBAY: Yes, Senator. The rest of the industry seeing a commercial truck has limitations put on its units that allow up to 20,000 pounds per axle. This limitation is also controlled by other factors.

CHAIRMAN MELLO: Well, these people of animal husbandry do not pay any vehicle fee to the Department of Motor Vehicles, is that correct?

MR. GARIBAY: Yes, they pay a fee of \$7 for 5 years.

CHAIRMAN MELLO: Okay.

MR. GARIBAY: If they register the trailer to DMV, under the commercial code, they have to pay a weight fee, plus a license fee yearly.

CHAIRMAN MELLO: Are you familiar with this, Rick?



MR. WEISBERG: It's outside of my expertise. Unless you see it in writing, Senator, it's very difficult to comment.

CHAIRMAN MELLO: Is Senator Vuich your Senator?

MR. GARIBAY: Yes.

CHAIRMAN MELLO: All right. She's very sympathetic to agriculture and probably this should be in her area, because she will work with you on it. I would suggest you contact her and tell her that you made a presentation here today and she can discuss it with the Legislative Counsel and Mr. Macola and others and if she's inclined to offer legislation.

The law is set forth and they set the weight limit and they cannot raise it or change it without legislative approval.

MR. GARIBAY: Well, Senator, that's all true, but in this great valley here, there must be 3,000 or 4,000 of these farm trailers, farm operations, enough commercial operations and these people are all being affected by it.

CHAIRMAN MELLO: Now, what do you haul primarily on these trailers?

MR. GARIBAY: They're hauling lettuce, cauliflower, broccoli --

CHAIRMAN MELLO: Well, at any rate, there appears to be a problem and if you want to get it corrected, it would have to be done legislatively.

MR. GARIBAY: There's a lot of people in the area that are affected by this. I wrote a letter to this effect in the form of a petition. So, the public out there is very interested and with the problems that the growers are having, this would be an advantage to them.

CHAIRMAN MELLO: Mr. Weisberg just informed me that the farm bureaus, usually on an annual basis, come in and try to modify all of the weight fees and the exemptions and that might be another idea of working through the farm bureaus.

Mr. Garibay, thank you very much for coming here.

MR. GARIBAY: Thank you.

CHAIRMAN MELLO: All right. We now have an expert on water. A person I've known for a long time. He's served on the Monterey Peninsula Water Management District.

And he's the gentleman that's taken me to his house -- he has installed cisterns and he catches every drop of water off his roof and puts it in a tank, recirculates it through wash water or toilets and his water bill is -- what? -- zero, or very close to it.

MR. WILLIAM WOODY WOODWORTH: We use about a tenth of an acre foot a year.

CHAIRMAN MELLO: Welcome Woody. Go ahead and make your comments.

MR. WOODWORTH: Thank you, Senator Mello and panel and ladies and gentlemen. I'd just like to make a couple of major points. I'd like to look at the broader scope of what the agricultural situation is as far as the profitability. I'm very much concerned about the profitability of agriculture around the world. And I think California's in deep trouble -- among others. And a lot of the problem has got to be that we're not looking at the major -- the macro economics of the situation. I hear a lot of micro analysis going on today by individual sections. But I think we've got to look at the profitability.

I hear talk about the billion-dollar industry in Monterey County. We're talking about gross figures. We're not talking about net. Saying, this is the biggest industry in California, with gross figures. What is the net? We can't find the net. You go anywhere and find out what is the net the farmers are really making. You can't get it. Well, it's private information. When you add it up, nobody's really making money on farming. And this is a sad feature. So you've got to look at the bigger one -- what you've got to do to get the farmer profitable.

The second thing I'd like to talk about is irrigation water. I have files and files on water and I've got files and files on agriculture. And it's a sad situation around the world. But whatever it is, you need to get at the irrigation water. We are talking about water mining. Del Peiro talked about it this morning. There's no question in this area, we've got water mining. We've got ten years between these droughts to replenish the water in at least one of the aquifers. Water is your constraining element in agriculture around the world. We can't just forget about it.

Not only that, but from a climate viewpoint, thinking about the next ten years, you're going to see climatic changes in California and other places that you've never seen in your lifetime. We've had several water conferences and I've been to 25 or 30 -- and they know what this problem is, but you're not cutting down on the amount of water you demand. So Arizona now has a lid: 65 percent, that's all you get for agriculture. Here, we talk about 85, 90, 92 percent in Monterey County. Where's this water going to come from?

Now, that's a constraint you've got to live with and I don't see what's being done on this. The California Water Agencies met two weeks ago in Monterey and had two or three excellent programs on the agriculture aspect. Agriculture just has to mend their ways. They've got to look at the things they do. Not just little ones here, they've got to make some major



changes which I call macro changes and water is a very basic element.

Now, where are we going? We should have cut back the amount of irrigation this year, or at least -- about a year in advance. I think you can cut back in droughts. I think you could achieve a 10 percent cutback on this year and if we have a second year drought next year, you cut back 25 percent. But you've got to be working on the long haul, you've got to go from 92 percent down to somewhere around 70, 75 percent, or maybe even down to 65 percent eventually on your water supply.

You've also got to pay the proper price for the water and we're not paying the proper price. And that's part of your competition. It's the water supply. But I do think that you ought to be concerned in this regard. I'd like to point out the profitability of the farmer is the important thing you need to work out if you're going to sustain the industry.

And the other one, we need to use water with a constraint and make sure we pay for the water. And the price of food has to go up accordingly.

CHAIRMAN MELLO: Thank you very much, Woody. Okay, before we adjourn, John Olow, who's here representing Eric Seastrand, and I know Eric has been recuperating, and I know he's been real busy. Would you like to make a little statement on behalf of the Assemblyman? We appreciate your being here and I know you were taking notes and hopefully, we can count on his vote on some of these bills as they're coming along.

MR. JOHN OLOW: Yes, Senator. Assemblyman Seastrand does want to express his thanks to you and the community here for thinking about him and including him in the invitation.

Thank you.

CHAIRMAN MELLO: Thank you very much. Well, we said when we started that we were going to adjourn at 4:30 and by golly, things worked out pretty well. I want to thank everyone for being here today. We had a very interesting meeting and I think we picked up an awful lot of valuable information that will be in our transcripts.

Especially, I want to thank Steve Macola, the Principal Consultant to the Ag & Water Committee, who came down, he's the one I look to for help and advice on these issues; Lou Angelo, the Principal Consultant to the Select Committee on Wine Industry, nice to have you here, Lou, and I know of your interest in it; and Rick Weisberg, who's from the Legislative Counsel's office. He's the one that drafts the legislation.

So thank you all for coming and look forward to seeing you soon and the meeting will now be adjourned.





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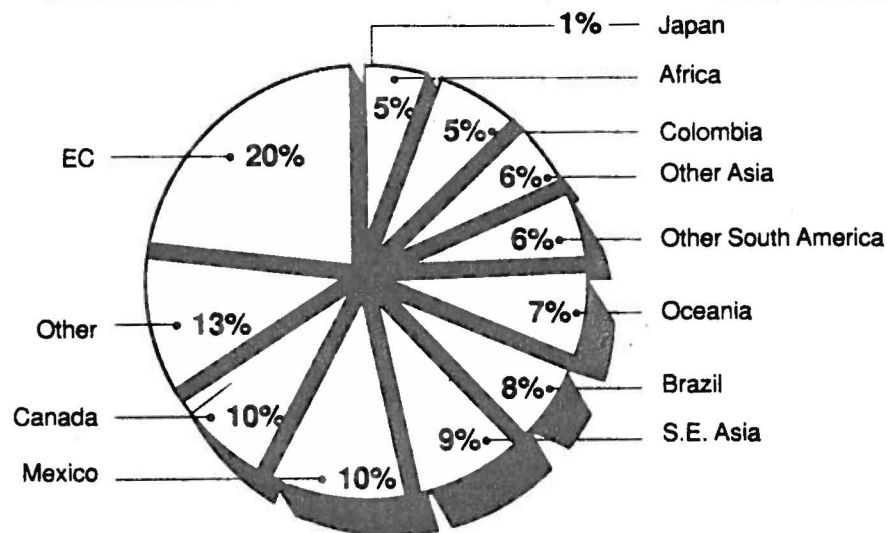
## APPENDICES

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Figure 1.3: U.S. Agricultural Imports by Country/Region of Origin, 1986



Source: USDA, ERS, FATUS, Calendar Year 1986 Supp

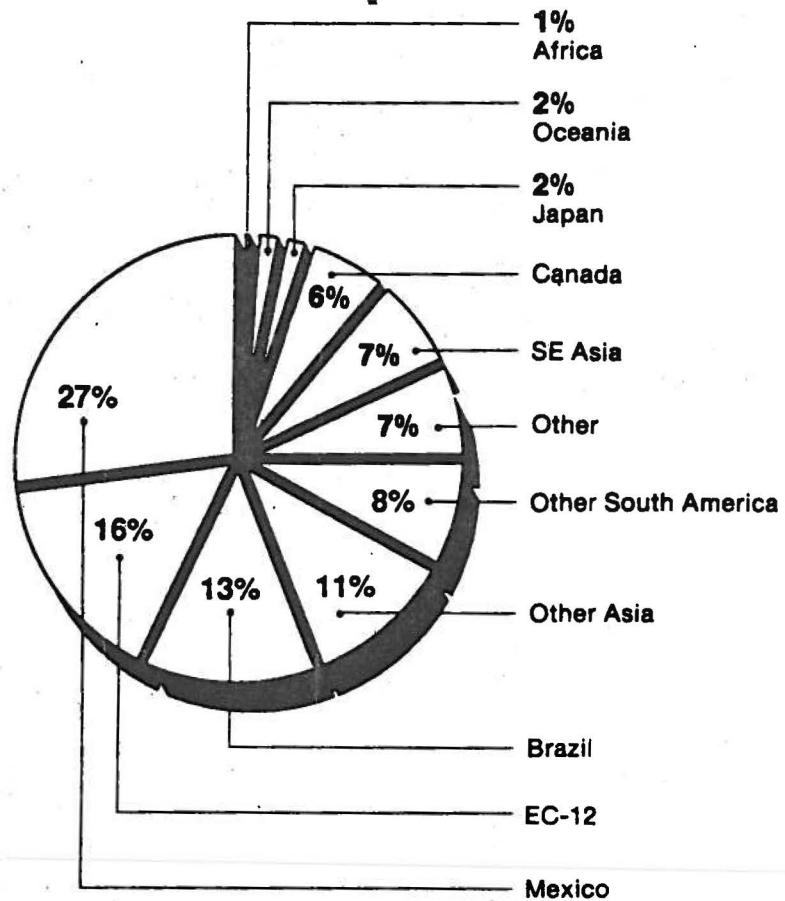
Experts differ in their views on the future path of agricultural trade. Some view the decline in the 1980s as a sign that the United States has lost its competitiveness in world agricultural export markets. They predict that the trend will continue unless dramatic changes in government policy and farmer productivity are made. Others see the downward trend as a return to the more stable levels of the past. They predict that the U.S. agricultural trade balance will stabilize once again at the historically low levels that preceded the 1970s.

## Competitive Imports

Although the decline in exports has been a greater factor in the falling agricultural trade balance, the trend of rising import levels has contributed to the deterioration of the trade balance and has become an issue of growing concern to members of Congress and segments of the agricultural community. In 1986 the value of U.S. agricultural imports exceeded \$21 billion, the highest level ever. Among other reasons for the rise in imports are the increased value of the dollar from 1980 through 1985, changes in American consumers' tastes and preferences, lower production costs in many lesser developed and newly industrialized countries, and decreased U.S. production of certain food products because of weather and disease.

Section 2  
Fruit and Vegetable Imports

Figure 2.2: U.S. Imports of Fruits and Vegetables by Country/Region of Origin, 1986



Source: USDA, ERS, FATUS, Calendar Year 1986 Supp., table 25



United States  
General Accounting Office  
Washington, D.C. 20548

Resources, Community, and  
Economic Development Division

B-222128

OCT 14 1987

The Honorable John D. Dingell  
Chairman, Subcommittee on Oversight  
and Investigations, Committee on  
Energy and Commerce  
House of Representatives

Dear Mr. Chairman:

This letter is in response to your September 22, 1987 request that we provide you with our views regarding various options we suggested the Food and Drug Administration (FDA) consider for increasing its knowledge about pesticides used on food imported into the United States. These options were presented in our September 1986 report entitled "Pesticides: Better Sampling and Enforcement Needed on Imported Food" (GAO/RCED-86-219). Specifically you asked us to do the following:

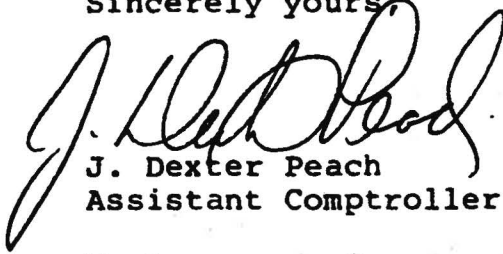
- Explain the relative advantages and disadvantages of the three alternatives for obtaining information on foreign pesticide use we identified in the report.
- Provide an elaboration of the strengths and limitations of the Country and Crop specific pesticide use data available from the Battelle World Agrochemical Data Bank and the likelihood of FDA access to future updates of such data. Also, advise the committee whether GAO continues to take the position that "FDA should supplement the Battelle information by attempting to acquire foreign pesticide use information from other sources".
- Provide further elaboration of GAO's statement in the report that: "While U.S. regulation of pesticides provides a good basis for knowing which chemicals to test for on specific domestically produce crops, FDA has little specific information about chemicals that may be produced and used by foreign growers".

*- GAO letter  
in support of  
Import Pesticide Documentation  
Section in  
H. R. 3004*



Our response to each of the three elements of your request are provided as enclosures I through III respectively.

Sincerely yours,

A handwritten signature in black ink, appearing to read "J. Dexter Peach". The signature is fluid and cursive, with a large initial "J" and a stylized "P".

J. Dexter Peach  
Assistant Comptroller General

Enclosures - 3

RELATIVE ADVANTAGES AND DISADVANTAGES  
OF SELECTED OPTIONS FOR OBTAINING  
INFORMATION ON PESTICIDES USED ON FOOD  
IMPORTED INTO THE UNITED STATES

The purpose of presenting these three options in our September 1986 report was to identify a number of different ways that FDA might obtain information that would add to FDA's knowledge about pesticide usage in foreign countries on crops to be exported to the United States. The nature, amount, and quality of the information that could be acquired under each of these options would vary considerably.

Monitoring food for illegal pesticide residues involves a decision on each food sample concerning the testing method(s) to be used which is based on a determination by FDA as to which pesticide residues FDA will try to detect. As we reported, laboratory test methods are limited in the number of pesticides that they are able to detect. The ideal situation would be that FDA knows which pesticides were used on the food being sampled. Thus FDA would know which test method(s) it would have to use to detect residues of the used pesticides to ascertain whether the residue levels comply with established U.S. tolerances. One of the approaches--requiring foreign growers or importers to disclose which pesticides were used during production--is directed at coming as close as possible to achieving the ideal situation. The other two are directed at obtaining general data about pesticide use in countries that export food to the United States so as to improve FDA's ability to predict which pesticides are most likely to have been used on a specific crop from a specific country. These two approaches are (1) expanded reporting of United States pesticide exports and (2) cooperative agreements with other countries for the exchange of pesticide usage information.

GAO's views on the relative advantages and disadvantages of these approaches are as follows.

Disclosure by grower/importer  
of pesticides used

This approach is directed at achieving what we previously described as the ideal situation--that is, growers/importers would be required to disclose on their import declarations, which pesticides were used on the food entering the United States. If the pesticides used are identified for the imported shipment, FDA would know what pesticides to test for. Currently this is not

known and FDA test(s) selections are based on limited general information about the use of pesticides in the exporting country. One potential problem with this option is how to ensure that the grower/importers will honestly report the identity of all pesticides that were used. In order to address this potential problem FDA will need to do some selective testing that is designed to spot check the accuracy and completeness of pesticide use certifications and penalize growers/importers when pesticides, other than those disclosed by the grower/importer, are found.

There is the question of whether foreign grown food would be meeting stricter requirements than domestic grown food. We think not. The only difference is the manner in which the information is acquired. Every pesticide used in the United States is reviewed by EPA after exhaustive testing and registered for use only on specific crops in specific amounts. FDA personnel are knowledgeable of this information and conduct their monitoring at farms, distribution centers and processing plants. They also work closely with local and state officials. When conducting their testing of samples they have considerable information about what pesticides are being used locally on these crops. It is unrealistic to suggest an FDA presence in the food growing areas of foreign countries as there is in the United States. Therefore, we believe a listing of pesticides used on food being imported would be the best means of providing this specific information.

Expanded reporting of  
U.S. pesticide exports

If U.S. exporting firms were to report to FDA information on all pesticide exports by country, type, and quantity, FDA would be aided in its efforts to predict which pesticides are likely to be used on each country's export crops. However, the information obtainable from this would be limited to identifying which and how much pesticides were imported directly from the United States by each country. It does not mean in all cases that the pesticide would be actually used in that country, since it might be reshipped elsewhere.

It would not identify pesticides that are produced in the foreign country or imported by the individual countries from pesticide exporting countries other than the United States. Consequently, this would provide FDA with only partial information about pesticides that may be used in foreign countries.



Cooperative agreements to exchange  
pesticide usage information

This approach is also directed at obtaining general information about pesticide usage in foreign countries to assist FDA in predicting which pesticides are most likely to have been used on the food that FDA is sampling.

This option would be a means by which FDA could obtain information from foreign countries on their pesticides practices as well as their programs for regulating pesticide use. This would assist FDA in identifying which countries exercise control over pesticide use. This would be useful information for guiding FDA's food monitoring efforts (i.e., paying greater attention to imported food from countries with weak control over pesticide use). However, reaching agreements on the exchange of such data with over one hundred countries might require considerable time and effort.

GAO VIEWS CONCERNING FDA'S USE OF  
THE BATTELLE WORLD AGROCHEMICAL DATA BANK

The Battelle World Agrochemical Data Bank was developed primarily as a marketing aid for pesticide manufacturers. The countries and crops for which data is presented are those that represent the major markets for pesticides. A significant limitation is that it only contains data on pesticide use in 30 countries on about 30 crops in each of these countries. The United States imports food from about 150 countries and therefore the Battelle data bank does not address pesticide use in about 120 of these countries. Also for the 30 countries that are covered, pesticide usage data is limited to selected crops and may not cover some of the crops that are imported to the United States. Another factor is that although the Battelle data is considered by FDA to be the most comprehensive and best available it is uncertain as to how well it reflects actual pesticide use. Unlike the disclosure of pesticides used by growers/importers, the Battelle data would not directly identify the pesticides that were actually used on the food being tested, rather, it provides information about what pesticides are frequently used on that crop in that country.

To the extent that Battelle continues to update and market the data, it would presumably be available for purchase by FDA. The agency's decision would be made each year as their budget is formulated.

We continue to believe that FDA should supplement the Battelle information because of the limitations cited. Furthermore, we believe that the best way to do this would be to require the growers/importer to report on their import declarations the pesticides that were used on the food being imported. This approach has the potential to provide FDA with the most comprehensive information on which pesticides are in fact being used on the food being imported to the United States.

In responding to our report FDA evidently misinterpreted our position about pesticide use certification by the grower/importer. FDA interpreted our report to mean that we were suggesting this type of certification as a substitute for FDA testing. On the contrary, we were suggesting this certification as a means of obtaining comprehensive information on pesticide usage on the crops being imported. Such certification would be in addition to the testing being done by FDA and would be a valuable source of information to help guide FDA's testing.

DIFFERENCES IN CONTROLS OVER AND KNOWLEDGE  
OF DOMESTIC AND FOREIGN PESTICIDE USE

Our objective here is to elaborate further the differences in controls over and FDA's knowledge of domestic and foreign pesticide use that was the basis for the following statement in our report.

While U.S. regulation of pesticides provides a good basis for knowing which chemicals to test for on specific domestically produced crops, FDA has little specific information about chemicals that may be produced and used by foreign growers.

The Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) requires that pesticides can only be used in the United States for the purposes for which they have been registered. In other words, before a pesticide can be legally used on a food crop it must be registered for use on that crop and the conditions for its use (i.e., rates of application, timing of application, etc.) are generally controlled by the registration. In many countries there are no similar controls over the use of pesticides.

Monitoring domestically grown food for pesticide residues is facilitated by the fact that the pesticides that might be used on any particular commodity are limited by the U.S. registration process. For instance, although there are about 600 pesticide chemicals available in international markets only about 350 pesticide chemicals are allowed to be used on food crops in the United States and the use of each of these pesticides is generally restricted to certain specified crops. In addition, FDA inspectors are in the field visiting farms, distribution points and processing plants and consequently are generally knowledgeable about local growing conditions and pesticide use practices. Also, because they work in close cooperation with other federal, state, and local agencies they can augment their knowledge with information available from Agricultural Extension Service Agents. State agencies and agricultural colleges.

In the case of imported food, the grower is not governed by U.S. registrations as to what can be used and many countries do not regulate pesticide use. This situation combined with the limited knowledge available to FDA about pesticide use on food commodities imported into the United States makes the monitoring of imported food more difficult and creates a need for reliable data about foreign pesticide use.



# FROZEN VEGETABLE IMPORT FIGURES BY COMMODITY (POUNDS)

Year	BROCCOLI		Imports as % of Total Pack
	Total U. S. Pack	Total Imports	
1979	298,618,000	15,451,000	5%
1980	290,657,000	23,898,000	8%
1981	306,755,000	27,823,000	9%
1982	335,516,000	31,870,000	10%
1983	285,358,000	33,551,000	10%
1984	365,764,000	65,404,000	18%
1985	356,806,000	77,147,296	22%
1986	325,000,000	121,000,000	34%
* 1987	365,000,000	150,000,000	41%

RECEIVED  
AUG 28 1986

96.8 MET 1986  
20.4 OTHER

BRUSSELS SPROUTS			
Year	Total U. S. Pack	Total Imports	Imports as % of Total Pack
1979	61,353,000	2,634,000	4%
1980	63,366,000	2,392,000	4%
1981	62,162,000	3,982,000	6%
1982	52,980,000	3,774,000	7%
1983	41,354,000	5,730,000	14%
1984	50,449,000	8,067,324	16%
1985	44,735,000	7,913,409	18%
1986			

CAULIFLOWER			
Year	Total U. S. Pack	Total Imports	Imports as % of Total Pack
1979	101,130,000	10,010,000	10%
1980	84,766,000	9,720,000	12%
1981	105,161,000	13,574,000	13%
1982	111,644,000	20,570,000	18%
1983	100,541,000	21,085,000	21%
1984	102,106,000	30,835,000	30%
1985	94,617,000	36,823,083	40%
1986			

TOTAL - BROCCOLI, BRUSSELS SPROUTS AND CAULIFLOWER			
Year	Total U. S. Pack	Total Imports	Imports as % of Total Pack
1979	461,101,000	28,095,000	6%
1980	438,789,000	36,010,000	8%
1981	474,078,000	43,379,000	9%
1982	500,140,000	56,214,000	11%
1983	427,253,000	60,366,000	14%
1984	518,319,000	104,306,000	20%
1985	496,158,000	121,884,000	25%
1986			

SOURCES:  
Pack data: American Frozen Food Institute  
Import data: U. S. Department of Commerce

Prepared by:

California League of Food Processors  
1007 "L" Street  
Sacramento, CA 95814-3890  
(916) 444-9260  
August 26, 1986

## FROZEN FOOD IMPORT FIGURES BY COMMODITY (Pounds)

FOR YOUR INFORM

Year	Brussels Sprouts	Broccoli	Cauliflower
1979	2,634,000	15,451,000	10,010,000
1980	2,392,000	23,898,000	9,720,000
1981	3,982,000	27,823,000	13,574,000
1982	3,774,000	31,870,000	20,570,000
1983	5,730,000	33,551,000	21,085,000
1984	8,067,324	65,404,000	30,835,000
1985	7,913,409	77,147,296	36,823,083
1986 (Year to date) (As of May, 1986)	2,652,633	54,935,159	14,514,701

SOURCE: U. S. Department of Commerce

## IMPORTED BRUSSELS SPROUTS, BROCCOLI AND CAULIFLOWER

1979	28,095,000 pounds imported
1980	36,010,000 pounds imported, up 38% from previous year.
1981	43,379,000 pounds imported, up 26% from previous year.
1982	56,214,000 pounds imported, up 24% from previous year.
1983	60,366,000 pounds imported, up 7% from previous year.
1984	104,306,000 pounds imported, up 42% from previous year.
1985	121,884,000 pounds imported, up 17% from previous year.
1986 (Year to date) (As of May, 1986)	72,102,493 pounds imported.

SOURCE: U. S. Department of Commerce.

The major frozen vegetable crops, Brussels sprouts, broccoli and cauliflower have increased, in imports from 28,095,000 pounds in 1979 to 121,884,000 pounds in 1985. The increase in imports has averaged 26% a year.

## PREPARED BY:

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July 30, 1986

# SAMPLE COSTS TO PRODUCE CAULIFLOWER FOR FRESH MARKET IN MONTEREY COUNTY - 1986

By J. W. Huffman, Kurt Schulbach and E. A. Yeary

YIELD: 500 23 lb cartons per acre  
HARVEST: year round  
PLANT: year round

## TOTAL LABOR COSTS/HOUR <sup>/1</sup>

## HOURLY TRACTOR COSTS

		Cash Costs			Depreciation	Interest
Equipment Operator	11.65					
Irrigator	10.15	80 h.p. Crawler Diesel	12.52	4.72	4.25	
Other Labor	10.00	80 h.p. Wheel Diesel	7.18	1.88	1.13	
Operation	Tractor Used	Hours/Acre	Labor	Fuel & Repairs	Contract and Materials	Total/Acre
<b>CULTURAL:</b>						
Cover crop - manure					4 tons @ \$18/ton 1/2 to cauliflower	36.00
Sub Soil 2X (1/2 to cauliflower)	C-80	1.24	14.45	20.24		17.35
Disc & Roll 3X	C-80	.69	8.04	13.36		21.40
Chisel 2X	C-80	.66	7.69	9.74		17.43
Level 2X	C-80	.52	6.06	8.16		14.22
List & preplant Fertilizer					Contract \$9.00 500 lb 12-12-12 \$67.25	76.25
Shape Bed & Roll	WD-80	.25	2.91	2.05		4.96
Plant 4 bed planter	WD-80	.42	4.89	4.38	seed 1/2 lb \$90.00	99.27
Herbicide <sup>/2</sup>					Contract at \$12.00/acre \$48 materials	60.00
Irrigation 8X (3 sprinkler, 4 furrow)		11.0	111.65	14.00	2.5 acre ft. @ \$30.00 power per acre ft.	200.65
Thin & Weed		12.0	120.00			120.00
Side dress fertilizer 2X					Contract \$8.00/acre 180 N @ .43/lb	93.40
Pest control					Contract \$11.00/acre \$95.00 materials	139.00
Cultivate 5X	WD-80	1.2	13.98	9.89		23.87
Hoe + Weed		4.0	40.00			40.00
Tie Tops <sup>/3</sup>		10.5	105.00		rubber bands \$13.75	118.75
Miscellaneous including set up and moving		4.0	43.30	16.00		59.30
<b>CULTURAL COSTS</b>						<b>\$1,141.85</b>
<b>Overhead:</b>						
Business Costs:	50% of preharvest costs @ 11% for 6 months					40.50
Taxes:	Equipment					6.00
Rent:	\$650 per acre 6 months to cauliflower					325.00
<b>OVERHEAD COSTS</b>						<b>\$371.50</b>

Harvest: Contract \$4.50 per carton (cost includes packing, hauling, carton and sales charge) 2,250.00



TOTAL CULTURAL, OVERHEAD & HARVESTING COSTS				\$3,763.35
Annual Costs:				
	Investment	Per Acre	Depreciation	Interest - 11%
1/2 charged to cauliflower	Buildings	60.00	3.00	3.30
Tractors are on an hourly	Irrig. system	300.00	30.00	16.50
basis	Tractors	180.00	18.19	15.33
	Equipment	250.00	25.00	13.75
Total		790.00	76.19	48.88 79.30
TOTAL COST PER ACRE				\$3,842.65
TOTAL COST PER CARTON (BASED ON 500 CARTONS/ACRE YIELD)				\$7.69

Management has not been included as a cost of production in this study.

- /1 Labor costs per hour include fringe benefits paid by the farmer. SDI, social security, workman's compensation, unemployment, health plan, vacation, holidays, and pension plan.
- /2 For materials, rates and application, contact a Pest Control Advisor or your local Agricultural Extension office.
- /3 Cauliflower tops are tied to produce maximum quality. It costs about \$210.00 for labor and \$27.50 for rubber bands per acre. Assuming about one half of the acreage is tied during the year, one half of the labor, 10.5 hours or \$105.00 and the \$13.75 cost of rubber bands was assigned to production costs.

#### SAMPLE COSTS OF PRODUCTION AT VARYING YIELDS

YIELD: CARTONS PER ACRE	450	475	500	525	550
CULTURAL COSTS	1141.85	1141.85	1141.85	1141.85	1141.85
OVERHEAD	371.50	371.50	371.50	371.50	371.50
HARVEST COSTS	2025.00	2137.50	2250.00	2362.50	2475.00
ANNUAL COSTS	79.30	79.30	79.30	79.30	79.30
TOTAL COST PER ACRE	3617.65	3730.15	3842.65	3955.15	4067.65
TOTAL COST PER CARTON	8.04	7.85	7.69	7.53	7.40

# SAMPLE COSTS TO PRODUCE FRESH MARKET BROCCOLI IN MONTEREY COUNTY - 1986

By J. W. Huffman, Kurt Schulbach and E. A. Yeary

YIELD: 475 Cartons per Acre

HARVEST: year round

PLANT: year round

TOTAL LABOR COSTS/HR. <sup>/1</sup>

HOURLY TRACTOR COSTS

				Cash Costs	Depreciation	Interest
Equipment Operator	11.65	80 h.p. Crawler Diesel		12.52	4.72	4.25
Irrigator	10.15	80 h.p. Wheel Diesel		7.18	1.88	1.13
Other Labor	10.00					
Operation	Tractor Used	Hours/Acre	Labor	Fuel & Repairs	Contract & Materials	Total/Acre
CULTURAL:						
Sub Soil	C-80	1.24	14.45	20.24		17.34
(1/2 charge to broccoli)						
Disc & Roll 3X	C-80	0.69	8.04	13.36		21.40
Chisel 2X	C-80	0.66	7.69	9.74		17.43
Level 2X	C-80	0.52	6.06	8.16		14.22
List & Preplant Fertilizer					Contract @ \$9.00/ac 500# 12-12-12	76.25
Shape Beds & Roll	WD-80	0.25	2.91	2.05		4.96
Plant 4-Bed Planter	WD-80	0.5	5.83	4.10	1 lb seed @ \$125/lb	134.93
Herbicide <sup>/2</sup>					Contract @ \$12.00/ac materials \$90.00	114.00
Irrigate		12.0	121.80		2.0 ac. ft. @ \$30.00 for power	181.80
Fertilize 2X					Contract @ \$8.00/ac 180# N @ \$.43/lb	93.40
Cultivations 5X	WD-80	2.5	25.00	17.95		42.95
Pest Control 3X					Contract @ \$12.00/ac \$35.00 materials	71.00
Light Hoe & Weed		4.0	40.00			40.00
Miscellaneous		4.0	43.30	16.00		59.30
CULTURAL COST						888.98
OVERHEAD						
Business Costs: 50% of preharvest costs @ 11% for 6 months						30.80
Taxes: Equipment						6.00
Rent: \$450.00/ac, 6 months to broccoli						225.00
OVERHEAD COSTS						261.80
HARVEST: Contract \$4.10						1,947.50
TOTAL CULTURAL, OVERHEAD AND HARVEST COSTS						3,098.28
ANNUAL COSTS	Investment	Per Acre		Depreciation		Interest - 11%
50% charged to	Buildings	60.00		3.00		3.30
broccoli, tractors	Irrig. System	300.00		30.00		16.50
are on an hourly	Tractors	280.00		28.31		21.41
basis	Equipment	250.00		25.00		13.75
	TOTAL	890.00		86.31		54.96
6 months (except tractors and equipment) to broccoli.						95.50
TOTAL COST PER ACRE						3,193.78
TOTAL COST PER CARTON						6.72

Management has not been included as a cost of production in this study.

# SAMPLE COSTS OF PRODUCTION AT VARYING YIELDS

YIELD - TONS PER ACRE	4.75	5.00	5.25	5.50	5.75
CULTURAL & OVERHEAD COSTS	1150.78	1150.78	1150.78	1150.78	1150.78
HARVEST COSTS	1742.50	1845.00	1947.50	2050.00	2152.50
ANNUAL COSTS	95.50	95.50	95.50	95.50	95.50
TOTAL COST PER ACRE	2988.78	3091.28	3193.78	3296.28	3398.78
COST PER CARTON	7.03	6.87	6.72	6.59	6.47

/1 Labor costs per hour include fringe benefits paid by the farmer: SDI, social security, workman's compensation, unemployment, health plan, vacation, holidays, and pension plan. (Growers cost may be greater for fringes if he includes book-keeping, protective clothing, safety equipment, etc.)

/2 For Herbicide Materials, rates, and application techniques, contact a pest control advisor or your local Agricultural Extension Service Office.



ALAN C. NELSON  
COMMISSIONER  
IMMIGRATION AND NATURALIZATION SERVICE  
SUPPLEMENTARY INFORMATION  
FOR  
THE APPEARANCE BEFORE THE HOUSE SUBCOMMITTEE ON  
IMMIGRATION, REFUGEES AND INTERNATIONAL LAW  
IMMIGRATION REFORM AND CONTROL ACT  
OVERSIGHT HEARING

Wednesday, October 21, 1987

9:00 a.m.

Rayburn Office Building

Room 2237

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## LEGALIZATION AND FAMILY FAIRNESS -- AN ANALYSIS

### I. GENERAL PURPOSE OF THE UNITED STATES IMMIGRATION LAWS AND THE IMMIGRATION REFORM AND CONTROL ACT OF 1986 (IRCA)

On November 6, 1986, President Reagan signed the Immigration Reform and Control Act of 1986 (IRCA) into law. This legislation, the most comprehensive reform of our Immigration laws since 1952, makes great strides to control illegal immigration while preserving our heritage of legal immigration.

While the theme of this legislation is focused on gaining control of our borders and eliminating the illegal alien problem through firm yet fair enforcement, it also reflects the nation's concerns for aliens who have been long-time illegal residents of the United States.

This is accomplished through a generous legalization program that is based on the same concepts of fairness that underlie the lawful immigration system. Both paths offer an orderly transition to permanent residence for those who have established their eligibility and provide an opportunity for family members to immigrate under a process that does not reward people who have circumvented the law by entering illegally.

Immigration by close relatives of permanent residents and citizens of the United States forms the core of a lawful system centered on the reunification of families; the overwhelming majority of some six hundred thousand people who immigrate each year are such immediate family members. By legalizing their status, aliens who have been in this country since 1982 gain access to our family-oriented immigration policy, and ensure that their spouses and children may enter lawfully.

### II. CONCEPT OF LEGALIZATION UNDER IRCA

IRCA is an enforcement law; its primary purpose is to stop illegal immigration. The legalization program is one part of a package that includes employer sanctions, enhanced border enforcement, the Systematic Alien Verification for Entitlements (SAVE) program, and a provision for removal of criminal aliens.

Legalization was the balance--a one-time program to legalize certain aliens, even though they were illegal, and allow them to become part of the American mainstream. This delicate balance was achieved through a statute that was carefully constructed to make passage of the bill possible. Even as crafted, legalization was still so controversial that the margin in favor of the provision in the House of Representatives was only seven votes.



The Congress accomplished the legalization balance by limiting the program to aliens with substantial equities in the United States. It did not intend to place all illegal aliens within a legal status. January 1, 1982, was set as the eligibility date for legalization, thus setting forth clear boundaries for establishing ties to this country. Those illegal aliens who arrived in the United States after January 1, 1982, remain illegal and are subject to deportation.

This Congressional intent as it applies to each alien is evidence in the plain meaning of the statute. This intent is further magnified by the legislative history of the bill, including the House Report, the State Report, the Conference Report, and the Congressional floor debates (1986). There is nothing in these documents that would indicate Congress wanted to provide immigration benefits to others who didn't meet the basic criteria, including families of legalized aliens. To the contrary, the Senate Judiciary Committee stated in its report that:

It is the intent of the Committee that the families of legalized aliens will obtain no special petitioning right by virtue of the legalization. They will be required to "wait in line" in the same manner as immediate family members of other new resident aliens. S. Rep. No. 99-131, 99th Cong., 1 Sess. 343 (1985).

With the legislative history so clear, the authority of the Attorney General to grant resident status must extend only to aliens who qualify on the merits of their own case, and not through a broad, extralegal derivative basis.

### III. HOW LEGALIZATION HAS WORKED

In the six months allowed to prepare for implementation of the program, the INS engaged in an unprecedented action which opened the full regulatory process to the public. Comments were solicited at the earliest stage, and the thousands of responses were carefully considered in developing the final product. Meanwhile, INS undertook an implementation effort never matched in the agency's history. By May 5, 1987, one hundred and seven (107) new offices were opened with 2,000 people hired to staff these offices; a major automated data system was developed and installed; the public information campaign was begun; and training was provided to all that were to work in the legalization program.

As of October 16, 1987, roughly 5 1/2 months after opening, we have accepted over 865,000 applications. Over 85% of these applications were filed directly with the INS, indicating that there is no "fear factor" — the alien population that has come forward exhibits trust in the Immigration Service. With this participation rate already doubling the results of all other legalization programs throughout the world in modern-day history, expectations are that 2 million illegal aliens will be processed by May 4, 1988.

IV. HOW LEGALIZATION SUPPORTS THE DUAL THEMES OF LEGAL IMMIGRATION AND FAMILY UNIFICATION

Through the legalization program made possible by IRCA, several million people will be able to shift from an illegal to a legal status. They will be able to come "out of the shadows", become full active participants in our society, and eventually become United States citizens. Many of these millions are in family units which have filed as a unit and have been found eligible for legalization. Many parents of United States citizen children have qualified on the merits of their own cases under IRCA.

The INS is exercising the Attorney General's discretion by allowing minor children to remain in the United States even though they do not qualify on their own, but whose parents (or single parent in the case of divorce or death of spouse) have qualified under the provisions of IRCA. The same discretion is to be exercised as well in other cases which have specific humanitarian considerations.

Many family members who would have otherwise been judged ineligible for legalization may now qualify due to recent policy decisions. Applicants who resided illegally in the United States prior to January 1, 1982, but who subsequently departed and then used legal nonimmigrant documents to re-enter the United States to resume their illegal residence, are now considered eligible for legalization benefits with the filing of a waiver to overcome the fraud at entry.

Upon being approved for permanent resident status, the legalized alien will be eligible to bring in immediate relatives under the current provisions of the Immigration and Nationality Act. Therefore, families of legalized aliens will be unified in the same manner as other immigrant families who have been waiting outside of the United States. (See the following chart for comparisons).

Legal Immigration

1. Married couple with wife in U.S. and husband in foreign country
2. Lawful resident wife files petition for husband
3. Petition approved; husband gains right to immigrate under preference system
4. Husband must wait for visa; cannot wait in U.S.
5. If husband comes to U.S. illegally, he is subject to deportation if routinely encountered
6. Husband must return to home country to obtain visa when it is available

## Legalization

1. Married couple apply for legalization
2. Wife approved; husband denied
3. No effort to deport husband based on legalization application
4. Later INS contact (i.e., at place of work) could result in deportation proceedings against husband
5. Wife gains permanent resident status; files petition for husband
6. See steps 3 - 6 under Legal Immigration

## V. FAMILY FAIRNESS

Congress, as well as the INS, recognized that there is a basic issue of fairness involved in the enactment of IRCA. Fairness dictates that illegal alien family members of persons eligible for legalization not be treated more favorably than the family members of legal permanent residents who may have to wait years to come to the United States due to the backlog of a demand for visas. To grant a derivative legalization benefit to unqualified aliens who are merely related to a qualified applicant would be unfair when put in this context. Such a break from fairness and tradition would also act as a magnet for others to enter the United States in an illegal manner, marry a qualified legalization applicant, and attempt to gain benefits. This would create a second legalization program contrary to the intent of Congress and upset the delicate balance of IRCA.

Legalization is a unique act. Basic equity between those legal immigrants who patiently wait in foreign countries for legal visas and those who entered illegally, but have contributed to America and are being forgiven, should be maintained. However, unqualified family members will be in no worse a position than they were prior to the enactment of IRCA. In fact, as noted above, it is to the benefit of the unqualified to have their eligible relative apply for legalization in that it may qualify them in the future for permanent residence.

## VI. UNFOUNDED BELIEF THAT UNLESS LEGALIZATION LAW BE EXPANDED, FAMILIES WILL BE BROKEN UP

As previously noted, legalization allows many families to stay in this country legally. Without legalization, individuals who are in the United States illegally have no right to any benefits of the immigration law and may not petition for relatives.

To the extent that there is a family separation, the separation was usually accomplished by the alien who left his or her family behind in the home country to seek an illegal life in the United States. If the family is separated because of legalization and decides not to wait for a



legal means to bring the family unit together again in the United States, the option is always available for the family unit to return to the home country.

#### VII. INS PROCEDURES TO HANDLE FAMILY FAIRNESS ISSUES

Under the law no information from the legalization application will be used against any applicant or their family. Once family members are recorded on the application, there cannot be subsequent modifications. Thus it is in the ineligible alien's best interest to be recorded as a family member now.

The confidentiality factor of the application, which Congress included in the legislation, prevents INS from taking any action as a result of information provided in the application. The only way family members of a legalization applicant would come under deportation proceedings is if they are apprehended during a routine INS operation at a workplace.

INS district directors may exercise the Attorney General's authority to indefinitely defer deportation of anyone for specific humanitarian reasons. They will continue to examine any case that involves an immediate relative of a successful legalization applicant. The district directors are instructed to review all evidence submitted, make a recommended finding, and make available all such cases for review and concurrence. This unusual step is being taken to ensure the consistency of decisions throughout the Service.

Guidelines for INS officials regarding the basis for issuing voluntary departure are as follows:

1. Voluntary departure shall generally not be granted to the ineligible spouses of legalized aliens whose only claim to such discretionary relief is by virtue of the marriage itself. Likewise, such relief is not available to the ineligible parents of either legalized applicants or United States citizen children.
2. Instead, certain compelling or humanitarian factors must exist in addition to the family relationship and hardships caused by separation.
3. In general, indefinite voluntary departure shall be granted to unmarried children under the age of eighteen (18) years who can establish that they were in an unlawful status prior to November 6, 1986. Such children should be residing with their parents and the granting of voluntary departure should be conditioned on the fact that both parents (or, in the case of a single parent household, the parent the child lives with) have achieved lawful temporary resident status.

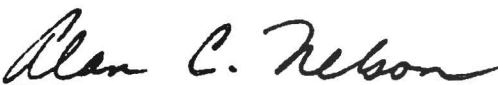
IX. CONCLUSION

The United States is now nearly half way through the largest program in world history to allow many illegal aliens to become legal. Legalization is a balance to enforcement efforts to deter and control illegal immigration through border enforcement, job market and entitlement enforcement to deny jobs and entitlements to illegal aliens and stronger efforts against criminal aliens. By May 1988, the United States will legalize an estimated 2 million people, five times those legalized by all other countries in the world.

Many of these 2 million being legalized are families. Additional exercise of the Attorney General's discretion by INS assures that minor children living with their parents will be covered. Spouse not directly eligible for legalization will be reviewed on a case-by-case basis and can be granted permission to remain if special humanitarian factors are present. Other ineligible spouses of legalized aliens are placed in the exact same position as spouses of legal immigrants -- they can become legal residents through the petition process.

Therefore, legalization itself is the most significant effort of the Congress and the Administration to pursue the goal of U.S. immigration laws -- family unification. Out of fairness to our legal system, to legal immigrants waiting patiently in line, and to adhere to Congressional intent, there is no basis to "blanket in" all ineligible spouses. They, like all American immigrants, must follow the laws and fundamental principles of fairness.

It is extremely important, however, that persons who believe they are eligible for legalization apply because of the unique protection the law offers through the confidentiality provision. They should appear at an INS Legalization Office or pursue their case through a church or other organization (Qualified Designated Entity) whether or not other family members qualify, in order to ensure that their family situation is resolved through the lawful immigration process.

  
Alan C. Nelson  
Commissioner  
U.S. Immigration & Naturalization Service

October 21, 1987

Status of Hiring Personnel  
Immigration Reform and Control Act

I. Investigations:

- ° The FY 1989 funded ceiling for Investigations special agents is 1,265. As of the end of FY 1987, 839 special agents were on board.
  - Approximately 463 special agents will be brought on board in FY 1988, bringing Investigations up to the ceiling. FY 1989 will see the hiring of an anticipated 96 to fill vacancies through attrition/advancement.
  - Of the 463 special agents hired, 336 will be sent to basic training, where 10% will drop out.
- ° In FY 1987, 101 special agents were hired and began IOBTC training, with attrition of 10%.
- ° The Federal Law Enforcement Training Center (FLETC) will enhance special agent training in FY 1988, conducting classes separately from inspectors, examiners and deportation officers.

II. Border Patrol:

- A total of 672 agents (14 classes) will be trained in FY 1988, with reserve classes available.
- In FY 1987, of 436 scheduled trainees, 206 Border Patrol agents graduated (6 classes) and 152 trainees (3 classes) are still in session.
- ° As part of the new enforcement initiative, a Border Patrol Sector headquarters in Puerto Rico opened October 5, 1987. This operation will address alien smuggling and illegal entries, primarily from the Dominican Republic.
  - IRCA resources support staffing (17 agents, 3 support ceiling) and all equipment for this venture.

III. Detention and Deportation:

- ° Training of personnel to enforce IRCA will include 552 officers in both FY 1989 and FY 1988 (23 classes each year.)
  - In FY 1987 266 officers were trained.



## Inspections User Fee

The Inspections User Fee provision, passed as part of the Omnibus Appropriations bill on December 1, 1986, has resulted in major improvements in the Service's airport and seaport inspection operations. The entire budget for air and sea operations for the program is now based on withdrawals from the special account into which the \$5.00 fee - collected by travel agents and carriers - is deposited. The fee is added to the tickets purchased by all passengers arriving into the United States by air or sea - except when travel originates in Canada, Mexico, or adjacent islands. Fifteen million passengers are expected to pay the \$5.00 user fee during FY 1988, the first full year of collection.

The legislation and the accompanying committee report tasked INS with improving its productivity in the inspection of passengers arriving by air or sea; with particular emphasis placed upon the elimination of the delays that were often experienced by travellers arriving at the major international gateways.

To implement the user fee legislation and to address Congressional concerns with facilitation of international travel, the service has added 300 new permanent, full-time immigration inspector positions for assignment primarily to major airport facilities. Hiring is nearly complete, and this increase represents a 50% rise in our permanent officer staff dedicated to air and sea inspections. While public waiting time for inspection has decreased at most major facilities, additional plans are underway to further improve our inspectional performance at all locations, in accordance with adequate service provisions of the new law.

During FY 1987 over \$59 million was expended on inspections user fee operations at airports and seaports. FY 1988 plans call for \$75 million to be used in this activity, to include full year funding for all user fee positions and the allocation of additional resources as required to offset workload increases and improve service.

The 300 new officer positions added to the inspections program during FY 1987 were assigned as follows:

<u>LOCATION</u>	<u>POSITONS</u>
EASTERN REGION:	
Baltimore	5
Boston	3
New York	71
Newark	6
Philadelphia	5
Portland	1
San Juan	25

Washington	14
Montreal	8
Toronto	12

NORTHERN REGION:

Chicago	10
Cleveland	1
Detroit	6
Ketchikan	1
Portland	2
Seattle	4
St. Paul	1
Calgary	1
Edmonton	1
Vancouver	5
Victoria	1
Winnipeg	1

SOUTHERN REGION:

Atlanta	6
Dallas	6
Houston	4
Miami	35
New Orleans	2
Orlando	2
Tampa	2
West Palm Beach	1
Ft. Lauderdale	2
Freeport	2
Nassau	4

WESTERN REGION:

Agana	8
Honolulu	18
Los Angeles	14
San Francisco	10

## IRCA LIAISON WITH MEXICO

### Within first 90 days

- o Briefing of Mexican Ambassador to the United States on IRCA provisions and relevant issues for bilateral discussion
- o Meeting of Commissioner Nelson and U.S. Ambassador Charles Pilliod, with President de la Madrid and other high-level GOM officials.
  - Held in Mexico City on December 18 and 19, 1986.
  - Discussion covered IRCA provisions, implementation plans, and bilateral concerns such as repatriation of Mexican nationals, border violence and possible initiation of preclearance in Mexico.
  - Assurances given that IRCA was not directed at Mexico and that no mass deportations would result.
  - Discussions did not result in any recommendations for legislative or administrative change which would have triggered report to Congress under section 407.
- o Creation of Special Representative for Commissioner in El Paso
  - Position established to facilitate continued bilateral discussions.
  - Provides direct link between Mexican and U.S. government on immigration and border issues.

### 1987 Initiatives

- o Meeting of Commissioner Nelson and U.S. Ambassador Charles Pilliod with GOM Secretaries of Foreign Affairs and Interior, Attorney General, senior Senators and Chamber delegates.
  - Held in Mexico City on July 14-17, 1987.
  - Discussion covered wide range of IRCA implementation issues, particularly legalization, employer sanctions, and agricultural worker provisions.
  - Reiteration of general purpose of IRCA; reassurance that IRCA was not directed at Mexico.
  - Recognition by both United States and Mexico that no mass deportations or firings have resulted.
  - Agreement reached to pursue working group activity regarding agricultural workers.



## HIV/AIDS Policy

In June of this year, in accord with the President's request and at the Attorney General's direction, the Service began developing a testing program for all immigrants, refugees, and applicants for legalized resident status. The Department of Health and Human Services published a final rule on August 28, 1987, in which it designated HIV infection -- in addition to active cases of AIDS -- as a dangerous contagious disease within the meaning of the Immigration and Nationality Act. Physicians previously designated to conduct immigration physicals on behalf of INS have been advised they are to commence testing in accordance with this rule on December 1, 1987.

Immigrants will be tested in the country where their visa is to be issued, if they are applying overseas. If an immigrant is in the U.S. when he or she qualifies for status, the testing will be conducted in the U.S. Immigrants who test positive will be denied resident status. The law does not allow for a waiver of inadmissibility for immigrants.

Refugees will be tested overseas. Aliens in the U.S. who apply for legalized status under the Immigration Reform and Control Act of 1986 will be tested when they initially apply for temporary resident status or, if they have already applied when the testing procedures commence, at the time they apply for legalized resident status. The Refugee Act of 1980 and IRCA both give the Attorney General the discretionary authority to waive any medical ground of ineligibility for refugees or legalization applicants for humanitarian purposes, to assure family unity, or when it is otherwise in the public interest. In response to concerns about the tremendous effects of this disease upon the public, I have issued a policy memorandum that recommends this authority be used in the cases of AIDS or HIV-infected applicants only if it can also be established that (1) the danger to the public health of the U.S. created by the alien's admission is minimal, (2) the possibility of the spread of the disease created by the alien's admission is minimal, and (3) there will be no cost incurred by any level of government agency of the U.S. without prior consent of that agency.

# IRCA — WHY IT WILL WORK

by

*Richard C. Cunan*

*Assistant Regional Counsel  
Immigration and Naturalization Service*

*The Immigration Reform and Control Act of 1986 — that's quite a mouthful — but if you focus on the words "reform and control," it will also help you understand why IRCA will work.*



**RICHARD CUNAN**

The events that led to passage of this historical legislation are unique. The need for action was so urgent that Congress enacted the legislation in spite of deep philosophical and political dissension over the final wording. The debates were emotional and continuous from 1972 right up until final passage in 1986 and one of the key issues was whether there should be special treatments for agriculture. Agriculture won. And it was the "give" on that point by powerful liberal, urban legislators that did as much as anything to final passage. On one side were those legislators focusing on the rights of agricultural workers and aliens. They fought against any guest worker programs and for strong anti-discrimination protections. Legislators on the other side of the issues weren't so much opposed to the liberal concerns but focused on other points. The need for a transition period for agriculture and the requirement for a field search warrant were obtained as concessions to the sanctions. Another accommodation to agriculture was a less stringent standard for

seasonal agricultural workers to qualify under the legalization program. An H2A Program was enacted over a heavy opposition to the concessions already granted agriculture.

The legislation that finally passed was something to behold. No one was pleased with all of it and everyone had given up something of substance in order to get the bill through. Why? Because "the borders are out of control" became more than just a slogan. It was a fact of life with apprehensions in 1964 totaling 6,400 on one segment of our border with Mexico climbing to 629,000 last year. That number is too large to ignore. Moreover, there was a marked increase in the number of criminal aliens and through all the debates no one could come up with an accurate assessment of how many illegal aliens throughout the world have already made their way to the United States. The estimates range from 3 to 18 million. In the final analysis, it was both the unacceptable size and nature of the problem that gave Congress the incentive to act. Two illegal entries every minute, year around, is unacceptable.

## **What The Law Does.**

As mentioned, the law does accommodate some of the special circumstances of seasonal agriculture. The law requires employers to identify the workers who come to them for a job and levies heavy penalties for failure to do so. Penalties and stiffer fines are built into the law for employers who knowingly hire illegals. But one of the agricultural concessions was to get a deferral until December 1988 of implementation of certain penalties. The law also provides for legalization of certain aliens who lived in the United States for more than five years. Workers in seasonal harvest operations, however, only had to work for 90

days in the year preceding enactment of the legislation.

One of the more interesting problems addressed by IRCA is the abuse of federally funded entitlement programs such as education grants, health and welfare funds and other programs. The law provides for identification of all aliens for the purposes of determining their eligibility. This provision came under a lot of fire before it was finally adopted. The trade-offs were seen as rights of privacy issues versus a fiscal responsibility in welfare reform. Pilot programs indicate billions of dollars will be saved by eliminating ineligible, illegal aliens from these roles.

For the first time the Act puts the United States on the offensive against criminal aliens. Organized crime, smuggling, dope, terrorism and other criminal activities were hidden within a shadow culture of otherwise "harmless" illegal aliens. (Don't use the word "harmless" in front of a border patrolman whose sector makes 65,000 apprehensions a month.)

## **What the Law Doesn't Do.**

When we look at the history and rationale behind the Act, we often attribute to it goals that aren't there. Because accommodations were made to agricultural labor, there is a tendency to think that the Act will provide labor lost by its implementation. It doesn't. The ills attacked by IRCA are illegal immigration and its consequences. In addressing those problems the Act will not solve all of the problems of seasonal employment that have beset this industry since the turn of the century. All the legislation does is buy time in two ways. The first is the deferral of penalties. The second is in the legalization of Special Agricultural Workers (SAW) and H2A provisions of

the Act. It is expected that the relaxing of entrance requirements for the SAW workers will temporarily provide a partial work force for agriculture during the first few transitional years.

It would be unwise to expect that agricultural employees, once legalized, will stay on the farms. No one knows how many will leave for better jobs in the cities but it seems only prudent that agriculture should not look to this group as a permanent base of employment. There is a provision, after the first few years of the law's implementation, for Replacement Agricultural Workers (RAWS) based upon the total number of SAW applicants during the eighteen months of eligibility. The trap to avoid is believing that most SAW workers will legalize without exceptional effort on the part of agriculture to assist them. The importance of helping these people cannot be overstressed. The battlecry of agriculture should be "No SAWS, no RAWS." There is a plan under development by the INS to assist workers and employers to find each other by taking information from the INS files and making them available to job service providers. This is particularly important in dealing with employers who have not traditionally used the employment services of state agencies. It is not a panacea but it will help.

Another help is the H2A "Guest Worker" program, even though it has come under criticism for being inapplicable to a large segment of California agriculture. But some groups, because of the extended cropping seasons, might be able to use this program to great advantage. The fact that this doesn't help everyone in the agricultural employment community should not be the point on which we focus. The Act is designed to reform an illegal system and create an environment where the problems of employment can be fought within the legislative bodies of this nation and not on its borders. Our immigration policies should be set by our elected officials not by smugglers and organized criminals.

#### **Why IRCA Will Work.**

The Act provides substantial increase in the resources of INS. The border patrol will be doubled, investigators will be substantially increased and there is a large commitment to improving management systems within the service. The resolve of Congress has resulted in a billion-plus budget for INS to implement the law.

Besides resources, there is a six point enforcement plan now underway. The plan began with an educational process followed by inspection of records, citations and notices of intent to fine. Because of the deferral of sanctions there will be traditional enforcement in agriculture with the removal of illegal aliens.

The INS emphasis has been in getting the word out to the general business population and soliciting voluntary compliance. The results have been outstanding. We expected more problems in educating employers and employees. There has been, however, an overwhelming acceptance of the need to stop illegal immigration and shift to a legal system. A three step approach was used. An educational unit (Employer Labor Relations) was developed and visits to employers have been ongoing to answer any questions concerning the Act. On follow up visits citations are issued only where indicated. On third visits if the violations continue, citations are followed by notices of intent to fine.

The educational system will continue on a parallel track with citations and fines because INS feels strongly that voluntary compliance is both desirable and necessary. Experience to-date indicates that this approach is correct. The first fines under the law were levied in the week of September 28. In the weeks and months ahead, there will be a gradual increase in the number of citations and fines as you would expect under any new law. Attention will be given to the geography and the types of industries that are targeted so that the most benefit from publicity of enforcement can be obtained.

With the increase in resources and material, the service is bound and determined to obtain "bullet proof" cases that are thoroughly investigated and reviewed. INS has no desire to generate numbers at the expense of quality cases. Enforcement will focus on those areas with the most illegal aliens, particularly where domestic workers are available.

The deferral of penalties in seasonal agriculture will only defer the inevitable, but it does afford an opportunity for this vital segment of our economy to explore non-conventional as well as conventional legal sources of labor. Without action now, labor shortages will be a major problem following the 1988 crop.

Enforcement on ranches and farms under the old law (with the added requirements of search warrants where per-

mission is not granted to enter) is not, however, "business as usual." Many of the actions you will see will involve harboring, smuggling, recruiting, fraud in SAW applications, and forged document cases. The greatly increased capabilities of the service to detect and prosecute a larger number of these cases will be evident.

And finally, in addition to the resources and enforcement plan mentioned above, there is a hidden weapon that this service has discovered. That weapon is an overwhelming sense of understanding that this law is needed. It is that same sense that Congress adopted in the words it used. It is that same sense of outrage by the law abiding businessman who operates under one set of rules knowing that the chiseler down the street sets his own rules for which the rest of us must pay. Finally, it is that sense that we Americans like to call "common" that made reform and control the law of this land.

We all know deep inside that any situation encouraging otherwise law abiding citizens to use the services of a law-breaker is logic turned upside down. It hides and fuels an underground culture of counterfeiters and smugglers who deal in human cargo and drugs and arms and anything else that pays. It mocks a long moral tradition of open-armed legal immigration since the turn of the century and it sends the message around the globe that America is a patsy. The U.S.A. under an illegal immigration system becomes the hunting preserve of any criminal in the world with enough money or perseverance to crash a border, any border. We are the land of opportunity in more ways than one. The illegal alien attitude is — "So what if I get caught? What's the U.S. going to do? Send me home!"

#### **Where Do We Go From Here?**

The shift to the legal system is not going to be easy, fast or simple. The history of how the Act was finally passed teaches us that lesson. I believe, contrary to a lot of cynics, that U.S. business in general and the American farmer specifically, are up to the task. The political clout that carved IRCA concessions for agriculture is still alive. That power is now being refocused to seek both interim and long-term solutions that preserve the intent of the law. The leadership of agricultural associations like the CCPA and the skills they bring to the bargaining table are fully transferable to the problems that lie ahead. You can make the difference. I am confident that you will.



15-Jul-87

# COSTS OF CALIFORNIA WINE ENTERING FRANCE

This model makes the following assumptions:

- a) 1200 cases ( full 40' ocean container )
- b) 12 - 750ml bottles per case (9 liters total)
- c) US\$ 30.00 per case FOB Port of Oakland
- d) US\$ 2.00 per case ocean freight (\$2400 for 1200 cases)
- e) European Currency Units at 0.8826 /\$.
- f) French Franc at 6.13 /\$.

EEC TARIFFS	ECU	US\$
-----	-----	-----
Wines at 13% alcohol or less:		
Per hectoliter (100 liters)	14.5	
Per 9 liter case	1.305	1.15
Wines greater than 13% vet under 15% alcohol:		
Per hectoliter (100 liters)	16.9	
Per 9 liter case	1.521	1.34
Cost per case plus ocean freight		32.00 32.00
Total: U.S. cost, ocean freight, EEC tariffs		33.15 33.34

FRENCH LEVIES	RATE		
-----	-----		
Value Added Tax (VAT) %	0.186	6.17	6.20
Customs Stamp %	0.02	0.66	0.67
Excise Tax: Francs/hectoliter	13.5		
Francs/9 liter cs	1.215	0.20	0.20
Total landed cost. France		40.18	40.41
Less: U.S. cost and ocean freight		32.00	32.00
Total: EEC and French import burden per case.		8.18	8.41
		=====	=====

## IMPORTANT NOTE:

U.S. duty rate for imported wine is \$0.375 per gallon or \$0.90 per 9 liter case.

## SOURCES:

The Wine Institute  
The Wall Street Journal

MILLION DOLLAR CROPS

1986

<u>Monterey county</u>			<u>Santa Cruz County</u>	
		(\$ 1,000)		
Crop	Acres	Value	Acres	Value
Lettuce, Head	64,800	\$ 272,247	3,668	\$ 13,346
Broccoli	56,140	124,219		
Strawberries	3,625	107,864	2,462	63,730
Nursery crop	961	78,441 ✓	840	34,965 ✓
Cauliflower	23,730	76,570	613	2,259
Celery	5,942	46,799	250	2,221
Mushrooms		44,002		
Grapes	31,343	35,706		
Lettuce, Leaf	9,928	35,115		
Artichokes	10,385	28,748	1,078	1,288
Apple	442	1,294	5,100	14,844
Brussels Sprout	1,665	5,658	1,490	3,638
Cattle		26,839		
Tomatos		20,732		
Carrots		16,456		
Salad Products		12,242		
Asparagus		12,166		
Milk, Marketed		9,052		
Onions, Green		8,277		
Sugarbeets		7,570		
Seeds		6,119		
Pasture Land, Dry		6,105		
Raspberries		4,163		
Hay, Alfalfa		3,798		
Peppers, Chili		3,589		
Spinach		3,320		
Potatos		3,150		
Barley		2,856		
Cabbage		2,300		
Parsley		1,567		
Eggs		1,330		
Napa, Beans, Poutry, Onion, Cherry Tomatoes, Anise				

( 1986 ) Greenhouse Floricultural Production in Monterey Bay area  
( Monterey, Santa Cruz, and San Benito Counties )

	Area ( 1000 Sq. Ft. )	( % )	Farm Gate Value ( 1000 Dollars )	( % )
Roses ( all )	10,423	41	40,878	50
Carnation ( all )	10,710	42	23,142	28
Chrysanthemum ( all )	1,398	5	5,277	7
Potted Plants & Others	<u>3,175</u>	<u>12</u>	<u>12,066</u>	<u>15</u>
Total	25,706	100	81,363	100

( 1986 ) Number of Greenhouse Floricultural Growers in Monterey Bay  
( Unofficial )

	Rose	Carnation	Chrysanthemum	Pot & Other
Monterey County	21	56	7	6
Santa Cruz County	19	16	1	5
San Benito County	-	-	<u>1</u>	-
Total	40	72	9	11
Total Growers	<u>122</u>			



**Monterey Bay Greenhouse Floral Crop Trend  
( Greenhouse sq. ft. )**

Data source S.C. Farm Advisor  
County Ag. Commissioners

	Carns. (1,000 sq. ft.)	Mum	Roses	Others	Total
1966	2,065	234	289	1,175	3,763
1967	2,666	234	1,508	1,490	5,898
1968	3,444	514	1,830	1,620	7,408
1971	5,300	810	2,336	238	8,684
1972	7,481	1,224	3,205	2,310	14,220
1973	9,342	2,072	3,474	3,345	18,233
1983	9,631	1,466	10,500	3,933	25,530
1984	9,668	1,996	10,048	3,035	24,747
1985	10,149	1,709	9,486	3,485	24,829
1986	10,710	1,398	10,423	3,175	25,706

# Trend of Major Ornamental Production in U.S.A.

( Growing area & Wholesale Value )  
( 1000 sq. ft.      \$1,000 )

	1970		1975		1980		1986	
	(Area & Value)		(Area & Value)		(Area & Value)		(Area & Value)	
Carnation ( Standard )	47,235	45,216	44,494	45,192	20,800	41,880	17,363	46,018
Carnation ( Miniature )	2,198	2,534	3,613	4,948	4,123	8,989	5,945	18,879
Chrysanthemum ( Std. )	39,460	26,925	38,877	30,565	14,823	25,923	9,379	28,105
Chrysanthemum ( Pompon )	39,055	26,651	37,836	32,294	31,545	37,609	30,160	45,162
Rose ( Hybrid Tea )	21,985	41,972	22,947	56,744	23,411	83,731	25,802	125,343
Rose ( Sweetheart )	5,556	11,995	5,137	14,167	5,391	21,943	5,481	25,978
G. H. Cut Flower Total	155,489	\$155,292			100,093	\$220,075		
			152,904	\$183,910			94,130	\$289,485

Potted Chrysanthemum * (sq. ft.)	10,708	24,598	13,884	41,335	17,372	68,27	17,564	71,358
Foliage (sq. ft.)	31,168	27,073	87,728	135,169	135,169	295,943	196,234	402,558
Potted Lilly ( sq. ft. )							5,849	26,904
Poinsettias ( sq. ft. )							47,443	109,309
Leatherleaf & Green ( acre )							4,963	66,960
African Violet							2,437	16,445
Gladioli ( acre )	11,017	18,725	9,554	17,604	6,593	21,765	5,664	25,442

\* Estimate from # of pot

1986 ( Area ) ( 1000 sq. ft. ) & ( Value )

	Foliage	196,234	\$402,558
In Door	G. H. Cut Flowers	94,130	289,485
	Flowering pots	73,293	224,016
	mum, lilly violet , poinsettia		
Out Door	Gladioli	5,664	25,442
or Semi	Leatherleaf & Green	4,963	66,960
Out Door	Gypsophila *	1,099	9,233
Total-----			1,017,694

\* Data source USDA, ITC imfor. compiled

Total Greenhouse Cut Flowers Sold in U.S.A.

Carnation ( all ) ( Million stems )

	Monterey BayArea	Calif.	U.S. Grown Total	Import	( % )	GrandTotal
1971		349.6	607.6	33.2	5	640.8
1972		360.2	608.4	56.2	8	664.6
1973		394.8	642.5	132.2	17	774.7
1974		398.3	633.0	180.0	22	813.0
1975		399.1	611.7	162.3	21	774.0
1976		379.3	555.5	204.2	27	759.7
1977		375.3	539.4	284.6	35	824.0
1978		354.8	504.8	346.1	41	850.9
1979		316.9	455.2	376.5	45	831.7
1980	162.6	321.6	426.6	428.0	50	854.6
1981	147.2	300.2	393.7	544.0	58	937.7
1982	138.8			573.6		
1983	159.2			687.7		
1984	166.1	255.8	333.9	659.1	66	993.0
1985	161.2	211.5	381.6	783.4	67	1165.0
1986	166.0	211.7	352.3	951.2	73	1303.5



Total Greenhouse Cut Flowers sold in U.S.A.

Chrysanthemum ( all ) ( Million stems )

	M. B.	Calif.	U.S.A.	Import	( % )	GrandTotal
1971		156.4	351.4	23.7	6	375.2
1972		147.1	338.7	41.1	11	379.8
1973		161.6	354.3	65.6	16	419.9
1974		193.1	371.4	90.2	20	461.6
1975		198.9	359.5	93.2	21	452.7
1976		210.3	354.0	127.4	26	481.4
1977		200.8	327.7	159.6	33	487.3
1978		232.4	351.9	196.2	36	548.1
1979		220.2	314.6	239.0	43	553.6
1980	15.6	219.6	303.0	252.2	45	555.2
1981	13.7	232.1	306.8	288.5	52	595.3
1982	13.0			344.2		
1983	11.9			394.9		
1984	11.6	179.4	230.3	380.4	62	610.7
1985	11.6	235.8	261.6	451.4	63	713.0
1986	15.1	222.9	261.6	482.7	65	744.3

**Total Greenhouse Cut Flowers sold in U.S.A.**

**Roses ( all ) ( Million stems )**

	<b>M.B.</b>	<b>Calif.</b>	<b>U.S.A.</b>	<b>Import</b>	<b>( % )</b>	<b>Grand Total</b>
1971		167.6	428.8	1.0	-	429.8
1972		170.9	431.6	1.7	-	433.3
1973		141.5	417.8	3.4	1	421.2
1974		174.5	442.6	3.6	1	445.2
1975		172.1	433.3	4.2	1	437.5
1976		181.4	421.5	6.2	1	427.7
1977		186.9	419.1	10.3	2	429.4
1978		193.2	419.2	16.4	4	435.6
1979		237.6	452.8	35.0	7	487.8
1980	114.7	227.1	427.8	44.5	9	472.3
1981	135.5	242.9	421.7	71.9	15	493.6
1982	124.8			90.1		
1983	155.9			120.3		
1984	157.8	188.7	359.9	129.1	26	489.0
1985	164.2	285.4	477.0	173.2	27	650.2
1986	157.9	281.5	461.3	217.0	32	678.3

Table 23.--Standard carnations: Income-and-loss experience of 49 U.S. growers 1/ on their operations growing standard carnations, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30 1/-	
				1985	1986
Net sales.....1,000 dollars..	15,298	15,894	15,866	9,917	10,832
Growing and operating expenses 1,000 dollars..	13,482	14,624	15,416	9,395	9,557
Net income before officers' or partners' salaries and income taxes.....1,000 dollars..	1,816	1,270	450	522	1,275
Officers' or partners' salaries 1,000 dollars..	824	808	888	540	710
Net income before income taxes 1,000 dollars..	992	462	(438)	(18)	565
As a share of net sales:					
Growing and operating expenses.....percent..	88.1	92.0	97.2	94.7	88.2
Officers' or partners' salaries.....percent..	5.4	5.1	5.6	5.4	6.6
Net income before officers' or partners' salaries and income taxes.....percent..	11.9	8.0	2.8	5.3	11.8
Net income before income taxes.....percent..	6.5	2.9	(2.8)	(0.2)	5.2

1/ Interim period data are for 35 U.S. growers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

*I / C.*  
*the group*  
*in the*  
*competition for the*  
*market*



Table 25.--Miniature carnations: Income-and-loss experience of 25 U.S. growers 1/ on their operations growing miniature carnations, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30 1/-	
				1985	1986
Net sales.....1,000 dollars..	3,586	4,047	3,919	2,406	2,527
Growing and operating expenses 1,000 dollars..	2,763	3,212	3,396	2,002	2,103
Net income before officers' or partners' salaries and income taxes.....1,000 dollars..	823	835	523	404	424
Officers' or partners' salaries 1,000 dollars..	453	472	443	334	267
Net income before income taxes 1,000 dollars..	370	363	80	70	157
As a share of net sales:					
Growing and operating expenses.....percent..	77.0	79.4	86.7	83.2	83.2
Officers' or partners' salaries.....percent..	12.6	11.7	11.3	13.9	10.6
Net income before officers' or partners' salaries and income taxes.....percent..	23.0	20.6	13.3	16.8	16.8
Net income before income taxes.....percent..	10.3	9.0	2.0	2.9	6.2

1/ Interim period data are for 17 U.S. growers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Standard chrysanthemums.--Income-and-loss data were received from 11 U.S. growers on their operations growing standard chrysanthemums (table 27). Aggregate net sales increased by 11.5 percent from 1983 to 1984 and declined by 7 percent in 1985. Such sales dropped by 13.3 percent from interim 1985 to interim 1986. Pre-tax net income without officers' salaries declined from 14.2 percent in 1983 to 0.8 percent in 1985 and rose from a negative 2.7 percent in interim 1985 to a positive 11.1 percent in interim 1986. During the same period, pretax income margins followed a similar trend.

Income-and-loss data on overall operations were available for 12 growers which reported that more than 50 percent of their total net sales were accounted for by sales of standard chrysanthemums (table 28). These data show trends similar to those described above.

Table 27.--Standard chrysanthemums: Income-and-loss experience of 11 U.S. growers <sup>1/</sup> on their operations growing standard chrysanthemums, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30 1/-	
				1985	1986
Net sales.....1,000 dollars..	3,862	4,308	4,007	2,423	2,100
Growing and operating expenses 1,000 dollars..	3,315	3,835	3,976	2,489	1,866
Net income before officers' or partners' salaries and income taxes.....1,000 dollars..	547	473	31	(66)	234
Officers' or partners' salaries 1,000 dollars..	320	372	384	281	286
Net income before income taxes 1,000 dollars..	227	101	(353)	(347)	(52)
As a share of net sales:					
Growing and operating expenses.....percent..	85.8	89.0	99.2	102.7	88.9
Officers' or partners' salaries.....percent..	8.3	8.6	9.6	11.6	13.6
Net income before officers' or partners' salaries and income taxes.....percent..	14.2	11.0	0.8	(2.7)	11.1
Net income before income taxes.....percent..	5.9	2.3	(8.8)	(14.3)	(2.5)

<sup>1/</sup> Interim period data are for 8 U.S. growers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 29.--Pompom chrysanthemums: Income-and-loss experience of 12 U.S. growers 1/ on their operations growing pompom chrysanthemums, accounting years 1983-85 and interim periods ended September 30, 1985 and September 30, 1986

Item	1983	1984	1985	Interim period ended Sept. 30 <u>1/-</u>	
				1985	1986
Net sales.....1,000 dollars..	9,069	9,031	8,558	5,610	5,361
Growing and operating expenses 1,000 dollars..	9,052	8,847	8,855	5,460	5,043
Net income before officers' or partners' salaries and income taxes.....1,000 dollars..	17	184	(297)	150	318
Officers' or partners' salaries 1,000 dollars..	579	678	576	444	503
Net income before income taxes 1,000 dollars..	(562)	(494)	(873)	(294)	(185)
As a share of net sales:					
Growing and operating expenses.....percent..	99.8	98.0	103.5	97.3	94.1
Officers' or partners' salaries.....percent..	6.4	7.5	6.7	7.9	9.4
Net income before officers' or partners' salaries and income taxes.....percent..	.2	2.0	(3.5)	2.7	5.9
Net income before income taxes.....percent..	(6.2)	(5.5)	(10.2)	(5.2)	(3.5)

1/ Interim period data are for 11 U.S. growers.

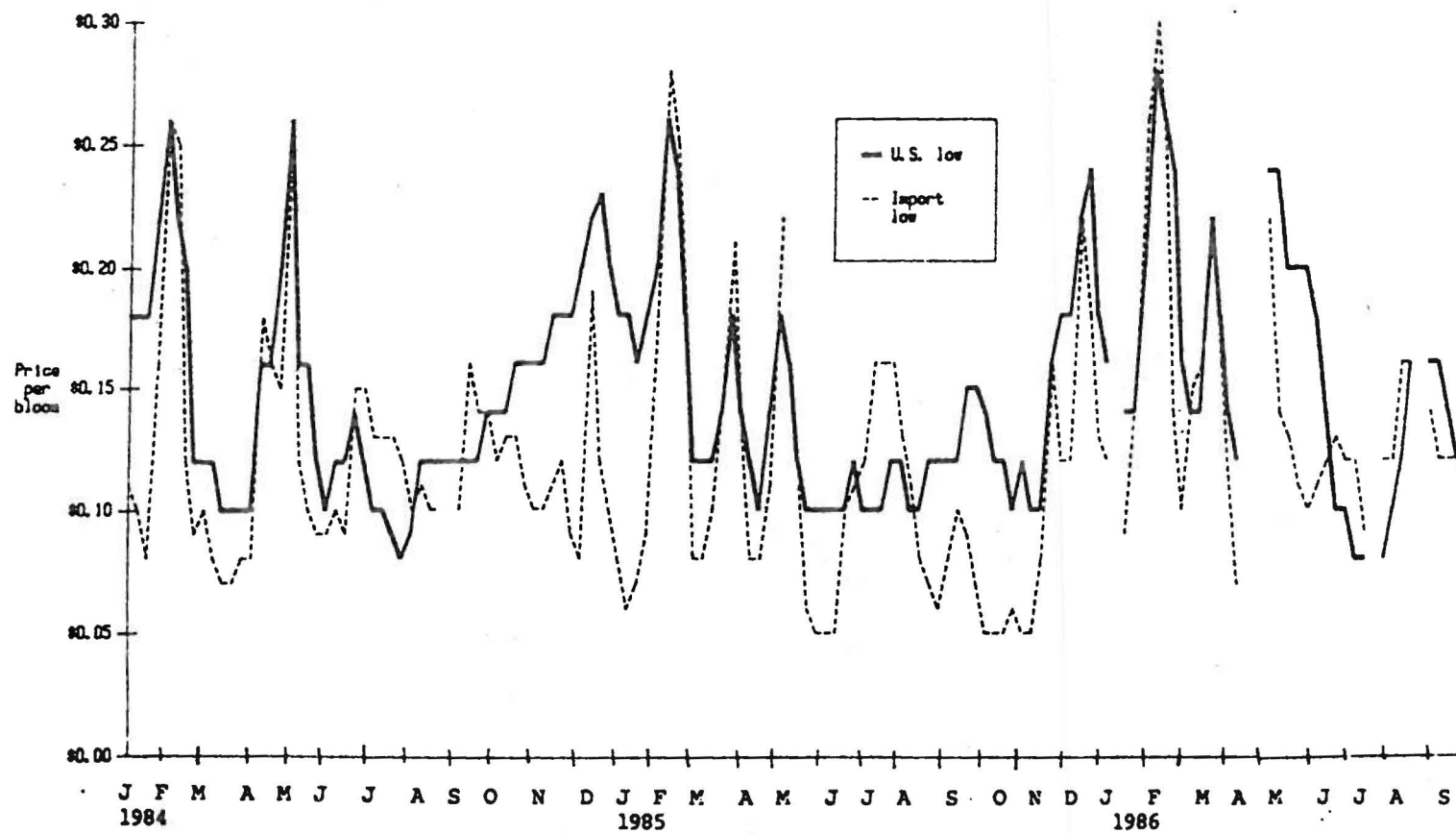
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Income-and-loss data on overall operations were available for 14 growers which reported that more than 50 percent of their total net sales were accounted for by sales of pompom chrysanthemums (table 30). These data show somewhat different trends than those described above.

Alstroemeria.--Income-and-loss data were received from 7 U.S. growers on their operations growing alstroemeria (table 31). Aggregate net sales increased twofold from 1983 to 1985 and further rose by 14.1 percent from interim 1985 to interim 1986. Pretax net income margins without officers' salaries declined from 29.3 percent in 1983 to 24.4 percent in 1985 and fell during the interim periods from 25.0 percent in 1985 to 20.0 percent in 1986. Pretax net-income margins showed an opposite trend, rising from 8.5 percent in 1983 to 15.5 percent in 1985.

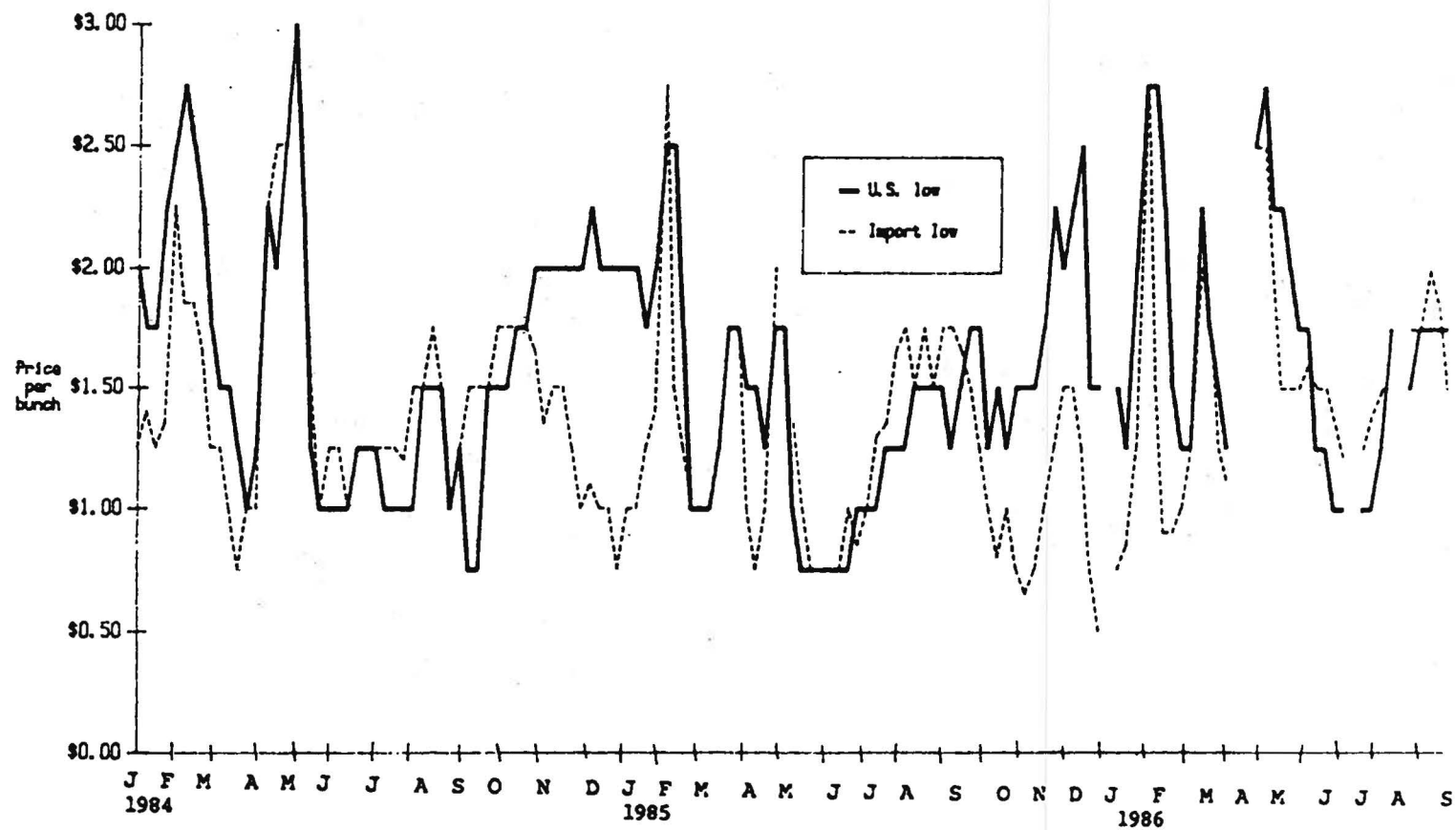


Figure 1.--Standard Carnations: Low U.S. grower and import prices, by week, January 1984-September 1986



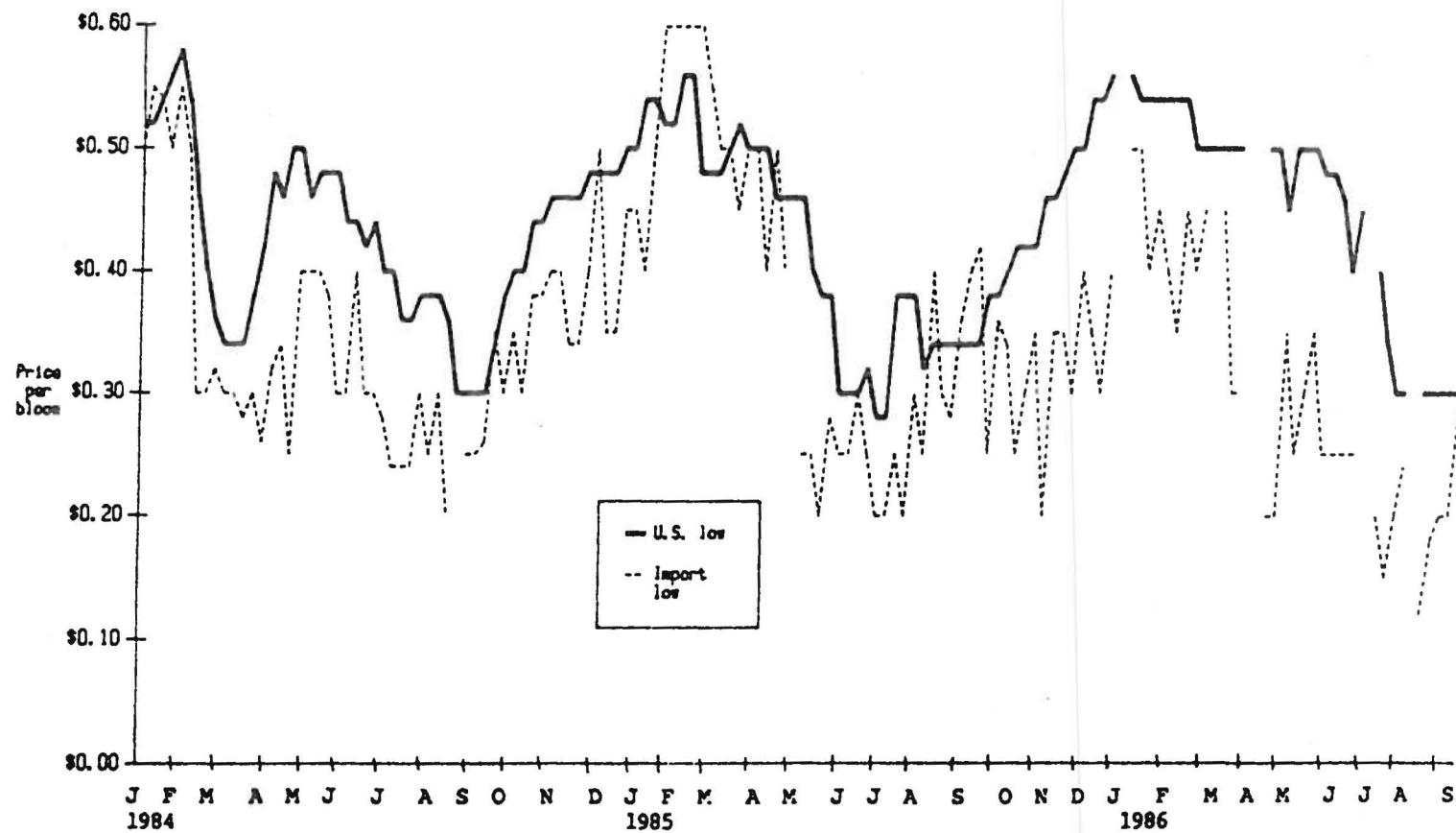
Source: Compiled from official statistics of the U.S. Department of Agriculture

Figure 2.--Miniature Carnations: Low U.S. grower and import prices, by weeks, January 1984-September 1986



Source: Compiled from official statistics of the U.S. Department of Agriculture

Figure 3.--Standard Chrysanthemums: Low U.S. grower and import prices, by weeks, January 1984-September 1986

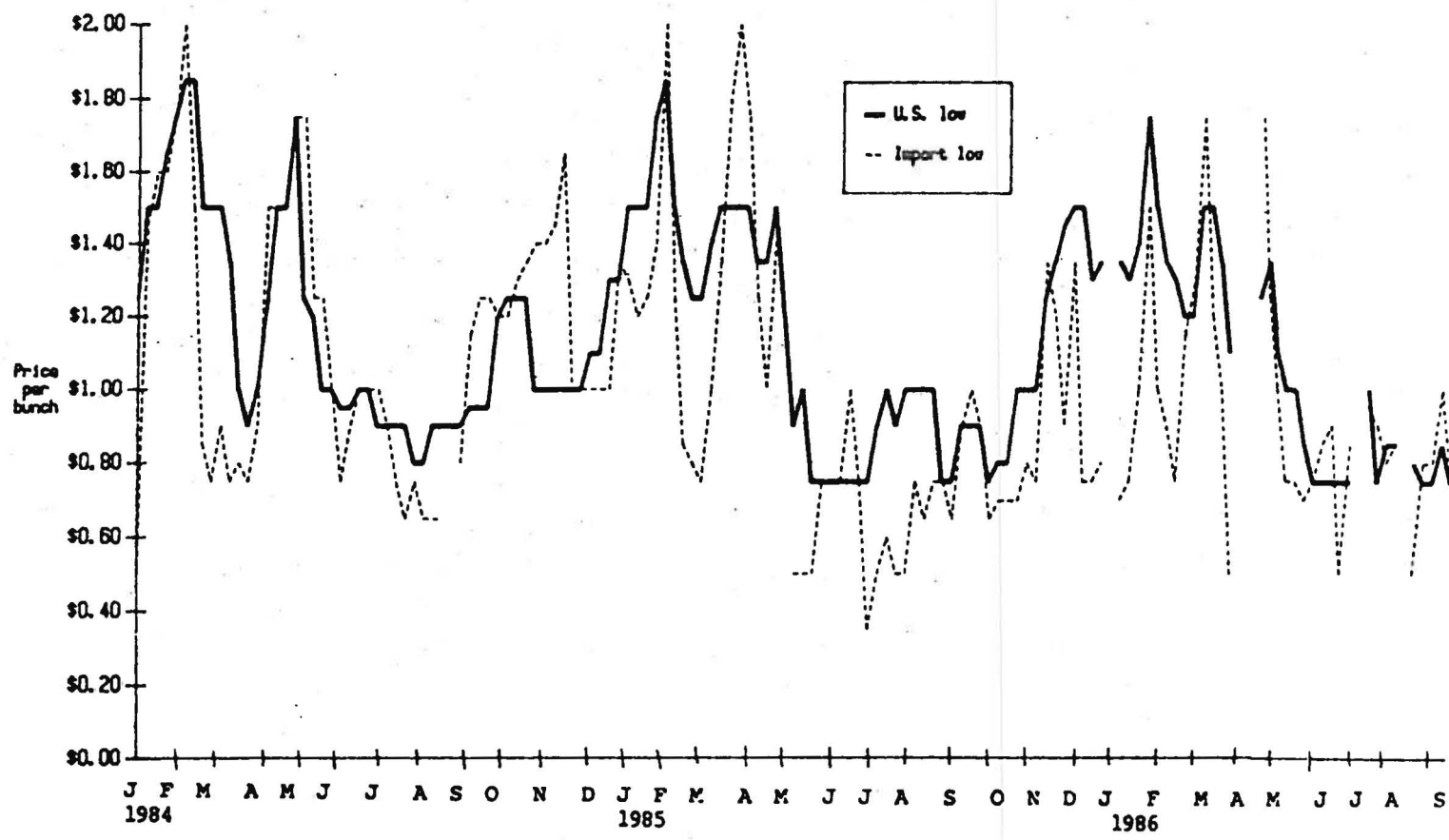


Source: Compiled from official statistics of the U.S. Department of Agriculture



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Figure 4.--Pompom Chrysanthemums: Low U.S. grower and import prices, by weeks, January 1984-September 1986



Source: Compiled from official statistics of the U.S. Department of Agriculture

A-134



*Commercial Rose Growers Association*

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SALINAS CALIFORNIA, DECEMBER 3, 1987  
CALIFORNIA SENATE HEARING

Agriculture and Water Resources Committee

Thank you for the time to express some of the Rose Industry's concerns. I am David Ninomiya of 325 Espinosa Road, Salinas, California 93907. I am the past President of Roses Incorporated, a trade organization of United States rose growers. Roses, Incorporated represents 112 California rose growers who produce 55% of the United States cut rose production. We have been impacted by imported cut roses as have other cut flower crops. You will find in your papers a data sheet of how imported flowers have increased from 1971 to 1986. These figures are from the United States Department of Agriculture.

Due to the fact that the rose industry has lost much of its share of the market to imports, we have asked Congressman Leon Panetta to introduce trade legislation for roses. This he has done in H.R. 750. You will find material in support of H.R. 750 in the packet.

On March 30, 1987, Assemblyman Robert Campbell introduced Assembly Joint Resolution No. 33 in support of H.R. 750. We understand that the resolution is now in the Senate Banking and Commerce Committee. We would ask for your support in passing this resolution.

The last area of concern that I wish to discuss is the California Department of Food and Agriculture in Pesticide Worker Safety Programs. We in California Agriculture believe in safe working conditions for our employees. Most of the nurseries are small operations in which the owner or manager work along side the employee every day performing the same job. Therefore, it would be foolish for us to use chemicals that jeopardize not only our employees but ourselves.

California Department of Food and Agriculture has not been willing accept the work of different chemical companies in registering new products for use in California. Products which the Federal Environmental Protection Agency (EPA) have registered for use in the United States have taken two to three additional years to get registered in California. Three chemicals, Milban, Rubigon, and Avid, are an example of this. A chemical named Telstar, now registered by the EPA and used in 49 states but not California, is another example. We cannot afford to handicap California's number one industry, agriculture, by making them wait two to three years while the rest of the United States moves ahead.

Thank you for the opportunity to express these important observations.



AMENDED IN ASSEMBLY JULY 13, 1987

AMENDED IN ASSEMBLY JUNE 24, 1987

CALIFORNIA LEGISLATURE—1987-88 REGULAR SESSION

**Assembly Joint Resolution**

**No. 33**

Introduced by Assembly Member Campbell  
(Principal coauthors: Assembly Members Farr and  
Wyman)  
(Coauthors: Assembly Members Bronzan and Chacon)

March 30, 1987

Assembly Joint Resolution No. 33—Relative to imported roses.

LEGISLATIVE COUNSEL'S DIGEST

AJR 33, as amended, Campbell. Imported roses.

This measure would memorialize the United States Trade Representative to actively pursue negotiations with the European Economic Community to reduce their tariff schedules on imported roses and, if the tariff schedules are not reduced, would memorialize the President to support and the Congress to enact HR 750 to protect the American rose growers' market.

Fiscal committee: no.

- 1 WHEREAS, Roses from countries such as Colombia,
- 2 Mexico, the Netherlands, and Israel are much cheaper
- 3 than the domestically grown blooms because those
- 4 governments subsidize their rose industries; and
- 5 WHEREAS, Local growers cannot compete with goods
- 6 subsidized by a foreign government; and
- 7 WHEREAS, Importers of fresh cut roses now pay a
- 8 United States tariff equal to 8 percent of the value of the
- 9 roses, growers sending their blooms to the European

97 50

1 Economic Community ~~(Common Market)~~ must pay a  
2 tariff in the summer equal to 24 percent of the value of  
3 the roses and related shipping costs, and the tariff in the  
4 winter is 17 percent; and

5 WHEREAS, The higher tariffs in Europe have created  
6 a "one-way street" that heads straight to the United  
7 States; and

8 WHEREAS, Clearly we are effectively barred from  
9 using the ~~Common Market~~ *European Economic*  
10 *Community* as a marketplace for United States grown  
11 merchandise; and

12 WHEREAS, Foreign blooms now comprise 30 percent  
13 of the United States rose market, and, from 1985 to 1986,  
14 imports increased 24 percent to 215 million roses; and

15 WHEREAS, If this trend is not curbed by legislation,  
16 we will see many casualties among the rose growers of  
17 this country, including those of California; and,

18 WHEREAS, It is in the best interest of the United  
19 States and the ~~Common Market~~ *European Economic*  
20 *Community* to have equal tariff schedules on roses in  
21 order to promote open markets and international trade;  
22 now, therefore, be it

23 *Resolved by the Assembly and Senate of the State of*  
24 *California, jointly, That the Legislature of the State of*  
25 *California urges the United States Trade Representative*  
26 *to actively pursue negotiations with the* ~~Common Market~~  
27 *European Economic Community* *to reduce their tariff*  
28 *schedules on imported roses to those consistent with the*  
29 *United States; and be it further*

30 RESOLVED, That barring substantial tariff schedule  
31 reductions on roses by the ~~Common Market~~ *European*  
32 *Economic Community*, the Legislature of the State of  
33 California memorializes the President to support and the  
34 Congress of the United States to enact HR 750, also  
35 known as the Rose Equity Bill, in the interest of  
36 preserving the American rose growers' market; and be it  
37 further

38 *Resolved, That the Chief Clerk of the Assembly*  
39 *transmit copies of this resolution to the President and*  
40 *Vice President of the United States, to the United States*

1 Trade Representative, to the Speaker of the House of  
2 Representatives, and to each Senator and Representative  
3 from California in the Congress of the United States.

From the Congressional  
Record, January 27, 1987

Text of statement submitted  
on introduction of H.R. 750,  
the Rose Tariff Equity Act  
of 1987.

**THE ROSE TARIFF EQUITY ACT  
OF 1987**

**HON. LEON E. PANETTA**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, January 27, 1987*

Mr. PANETTA. Mr. Speaker, I am today reintroducing legislation to bring equity to the trade relations in the rose industry between the United States and the European Community. This legislation would align tariff rates on fresh-cut roses with those imposed by the European Economic Community in an effort to ensure the future survival of the domestic rose industry. I am very pleased to be joined in sponsoring this legislation by Representatives TONY COELHO and BOB CARR.

At present, the future of America's rose producers in being seriously endangered by underpriced, underassessed foreign imports flooding our markets, and the situation is not improving but rather significantly worsening. From 1977 to 1983, imports increased from 10.3 million blooms to 126 million, with the latter representing 20 percent of the domestic market. In 1986, almost 215 million blooms were imported, nearly 100 million more than in 1983 and a 24-percent increase from just 1 year earlier, 1985. Imported roses now capture almost 27 percent of the total U.S. market for roses, and this growth in imports has already been devastating to domestic rose growers. In the past decade, over 30 percent of domestic rose growers have been forced out of business. Without action to correct the present inequities, we can expect to see more departures from this industry and possibly even its eventual demise.

One of the major reasons for the strong penetration of the domestic market by foreign rose producers is the very low import duty enjoyed by foreign exporters to this country. The European Economic Community imposes a duty three times as high as that imposed by the United States during the prime marketing season. In addition to this tariff advantage, major exporters of roses to this country enjoy competitive advantages resulting from unfair trade practices and subsidies.

Since 1977, domestic rose growers have repeatedly attempted to obtain relief through administrative channels, including two requests for section 301 investigations by the U.S.

Trade Representative that were both turned down. The unfair trade practices of several rose-exporting countries have been well-documented and upheld by the International Trade Administration and the Court of International Trade, but domestic rose growers have nonetheless still been unable to secure a remedy to their problem through these channels. The only remaining avenue of relief is through legislation.

The bill I am reintroducing today would align U.S. tariff rates on fresh-cut roses with the same levels currently imposed by the EEC for both peak and off-peak seasons. This legislation will return a greater degree of fairness and equity to this industry and could help to prevent our Nation's rose growers from experiencing the fate suffered by domestic producers of other cut flowers. Similar inequitable tariffs on carnations and chrysanthemums have pushed the foreign market share of these flowers to levels that are causing the virtual dissolution of the domestic industry for these flowers. This may happen in the fairly near future to the rose industry if action is not taken soon.

The Rose Tariff Equity Act has the support of growers and wholesalers throughout the American rose industry and will help prevent this industry's demise. I urge my colleagues to join Representatives COELHO, CARR, and myself in support of this legislation.

Text of the bill follows:

**H.R. —**

A bill to amend the Tariff Schedules of the United States to provide for rates of duty on imported roses consistent with those maintained by the European Economic Community on imports of roses from the United States and other nations

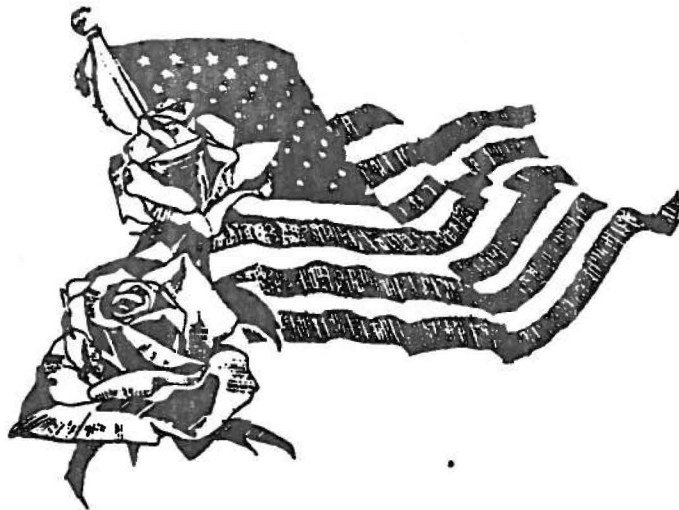
*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subpart G of part 15 of schedule 1 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by striking out item 192.18 and inserting in lieu thereof the following:*

Roses			
192.14	If entered during the period from November 1 of any year to May 31 of the following year, inclusive	17% ad val.	40% ad val.
192.16	If entered during the period from June 1 to October 31 of any year, inclusive.	24% ad val.	40% ad val.

(b) Items 192.15 and 192.17 are redesignated as 192.11 and 192.13, respectively.

SEC. 2. The amendments made by the first section of the Act shall apply with respect to articles entered, or withdrawn from warehouse for consumption, on or after the fifteenth day after the date of the enactment of this Act.





## HIGHLIGHTS OF H. R. 750

### THE ROSE EQUITY BILL

Introduced by Congressman Leon E. Panetta

January 27, 1987

#### THE PURPOSE OF H. R. 750 IS:

To amend the tariff schedules of the United States to provide for rates of duty on imported roses that exactly match those of the European Economic Community.

#### WHY IS THIS ACTION NEEDED?

Imported roses, which are being subsidized and unfairly traded (dumped) in the U. S. markets have taken over 30% of the U. S. market. In 1986 importers increased their shipment to the U. S. by 24% (an increase of 43 million roses in one year alone) and, since 1972, 25% of the U. S. rose growers have gone out of business.

If the U. S. producers of our National Flower, the Rose, are to survive, action must be taken to provide a fair market place for them.

#### WHY NOT SEEK A REMEDY THROUGH THE U. S. TRADE LAWS?

U. S. trade laws do not work for this small, family-owned business. For nearly ten years this industry has tried to make the antidumping, countervailing, 201 and 301 remedies work. They have had very little success as executive policy, administrative politics, and opposition "insider influence" have barred them from the relief to which they are entitled. Thus, the industry has no alternative but to come to Congress for relief.\*

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\* See Page 3 - "FOR ALL OF THE FACTS . . . ."

H. R. 750 - A GOOD AND FAIR ANSWER

This bill would adjust the U. S. rose tariffs to exactly match those of the European Economic Community (EEC). Their tariff is 24% in the summer months and 17% in the winter. The U. S. tariff is 8% year around. H. R. 750 would match our tariff with those of the EEC. No more; no less.

Also, the high EEC tariff encourages the Colombian growers to ship to the United States. At the high tariff time, the imbalance gives the Colombians a 16% incentive to ship to the U. S. market place. H. R. 750 would help remove this incentive and balance world trade on roses.

ABOUT THE EEC AND U. S. ROSE TARIFFS

During the life of the EEC (1957 to present) that body has refused to grant any concessions on fresh cut flowers, including roses, during its prime summer growing season. In its off peak season (winter) the EEC did accept a 3% reduction during the Kennedy Round of GATT talks in 1967.

The U. S. rose tariff history started at 40% in the early 1930's and was reduced by 15% in 1939, 12½ in 1948, 2½% in 1963 (Dillon Round), and 2% more in 1979 during the Tokyo Round.

At present the EEC holds a 24% tariff on roses in the summer and 17% in the winter. The U. S. has 8% year around. Canada has a 12½% tariff; Colombia 25%; and Mexico 50%.

Colombia and the EEC countries have license requirements that make it nearly impossible to export roses to them, and Mexico has cut flowers on a special list of 300 items for which import licenses will automatically be denied.

Certainly the U. S. growers face a less than fair world market.

IF H. R. 750 PASSED, WOULD COMPENSATION BE REQUIRED FOR OUR TRADING PARTNERS?

We think not. The Congress is not deprived of its constitutional power to regulate foreign commerce by the membership of the U. S. in the General Agreement on Tariffs and Trade (GATT).

Article XXIII of the GATT obligates the U. S. only to "give sympathetic consideration to the representations or proposals" of any other member of the GATT which considers that any benefit to which it is entitled under GATT is being nullified or impaired by legislation such as H. R. 750.

Also, we understand that the GATT provides that countries seeking compensation must show that they have been adversely affected, and it is expected that no action would be taken toward compensation until such a showing was made.\*

**IF TARIFF ADJUSTMENT IS GRANTED, CAN U. S. ROSE GROWERS COMPETE?**

We think yes. U. S. growers have spent a great deal of money on research to discover how to cut costs and increase productivity. They have also spent money to install the systems that come from the research. A good example is energy-saving systems that allow growers to produce roses using 60% less heat than ten years ago.

With these investments we see growers keeping up to date and would expect them to compete very well if they have the chance.

**\*FOR ALL OF THE FACTS . . . .**

A resource document that gives you the full story is available from Roses Inc. The impact of imports, a chronology of the industry's actions, plus tariff background and discussions of this bill's impact on GATT, are included.

If you have questions, need more information, or desire a copy of the resource document, please contact Alan Cohen in Congressman Panetta's office, or Jim Krone at Roses Incorporated, P. O. Box 99, Haslett, MI 48840; (517) 339-9544.

**IN SUPPORT OF THE BILL . . . .**

Attached you will find a copy of the bill, Mr. Panetta's introductory remarks, and the current cosponsor list. We hope to be able to add your name to this list soon.

**ACTION**

To become a cosponsor on H. R. 750, please contact Alan Cohen in Congressman Panetta's office; (202) 225-2861.

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\* See Page 3 - **"FOR ALL OF THE FACTS . . . ."**



100TH CONGRESS  
1ST SESSION

# H. R. 750

To amend the Tariff Schedules of the United States to provide for rates of duty on imported roses consistent with those maintained by the European Economic Community on imports of roses from the United States and other nations.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 27, 1987

Mr. PANETTA introduced the following bill, which was referred to the Committee on Ways and Means

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## A BILL

To amend the Tariff Schedules of the United States to provide for rates of duty on imported roses consistent with those maintained by the European Economic Community on imports of roses from the United States and other nations.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That (a) subpart G of part 15 of schedule 1 of the Tariff  
4       Schedules of the United States (19 U.S.C. 1202) is amended  
5       by striking out item 192.18 and inserting in lieu thereof the  
6       following:

		Rosen.			
192.14		If entered during the period from November 1 of any year to May 31 of the following year, inclu- sive .....	17% ad val.		40% ad val.
192.16		If entered during the period from June 1 to October 31 of any year, inclusive .....	24% ad val.		40% ad val. "

1 (b) Items 192.15 and 192.17 are redesignated as  
2 192.11 and 192.13, respectively.

3 SEC. 2. The amendments made by the first section of  
4 the Act shall apply with respect to articles entered, or with-  
5 drawn from warehouse for consumption, on or after the fif-  
6 teenth day after the date of the enactment of this Act.

○

April 14, 1987

CURRENT SPONSORS/COSPONSORS OF H. R. 750

**HOUSE OF REPRESENTATIVES**

1. Congressman Leon E. Panetta (D CA-16) - Original sponsor

**COSPONSORS**

2. Congressman Bob Carr (D MI-6) - Original cosponsor
3. Congressman Tony Coelho (D CA-15) - Original cosponsor
4. Congressman George Miller (D CA-7)
5. Congressman Douglas Applegate (D OH-18)
6. Congressman James R. Olin (D VA-6)
7. Congressman Richard H. Lehman (D CA-18)
8. Congressman Paul E. Kanjorski (D PA-11)
9. Congressman Robert J. Lagomarsino (R CA-19)
10. Congressman Richard T. Schulze (R PA-5)
11. Congressman Melvin Price (D IL-21)
12. Congressman Doug Walgren (D PA-18)
13. Congressman Gerald B. Solomon (R NY-24)
14. Congressman Norman Y. Mineta (D CA-13)
15. Congressman Philip R. Sharp (D IN-2)
16. Congresswoman Barbara Boxer (D CA-6)
17. Congressman James McClure Clarke (D NC-11)
18. Congressman Bob Traxler (D MI-8)
19. Congressman Fofu Sunia (D American Samoa, Delegate)
20. Congressman John Bryant (D TX-5)
21. Congresswoman Helen Bentley (R MD-2)
22. Congressman Robert T. Matsui (D CA-3)
23. Congressman Ben Campbell (D CO-3)
24. Congressman Don Edwards (D CA-10)
25. Congressman Vic Fazio (D CA-4)
26. Congressman John Lewis (D-GA-5)



DIVISION 16 CALIFORNIA VEHICLE CODE  
INSTRUMENT OF HUSBANDRY

Production of farm products by our growers gives our agricultural industry a priority unequalled in this state.

With farmers' problems on the rise throughout the U.S.A., the needs of our growers should be of great concern to all the residents of this great region. We must make certain tools available for them that are more useful. They, in turn, can afford to maintain production, and improve methods as needed. The monetary benefits from this great industry is tremendous, and will offset losses through compromise by our state.

Section 16, Instruments of Husbandry, as placed into law, is a tool, designed to be used by growers to enable them to operate agricultural services for the good of our own country. Purpose of this Code is well exemplified, and it's not the intention herewith to remove the mechanics of the Code as stated.

The need to point out the shortages arising from the lack of certain provisions, and the necessity to update into a uniformity in the Code, so as to eliminate the need of special interest groups, having to amend the Code to provide for their needs.

Our growers are having a difficult time with specialty needs. Along with inadequate labor, transportation is a major problem. It requires specialty equipment, designed to transport product to process centers, and is not normally consistent with type of units in operation as the common carrier has in his fleet.

This is a very high cost factor requirement of necessary equipment needed by a grower, and in most cases not inventory that a common carrier will invest in. Some growers, because of cost, prefer to lease.

Instruments of Husbandry  
Eligibility

Our farm operations are becoming increasingly complex, and necessitate clear eligibility of entitlement.

- A - Growers.
- B - Land Owners.
- C - Lease Growers.
- D - Contract Lease Growers.
- E - Lease Co. - Lease to end user grower (Lic. Fee).

Instruments of Husbandry  
Defined - Adequate.

Instruments of Husbandry  
Other Defined

Farm Trailers

The Code provides inadequate provisions for farm trailers.  
The section is inadequate and prejudiced.

Restrictions need not be placed here, because it is a farm operation.

Weight regulations are well-defined in other sections of the Code, and a grower should be allowed to operate in compliance with those regulations.

Growers' operations are controlled by many factors; one such factor is weather. This necessitates cycles in the growing process to force movements to areas far distant to one another. Moves greater than 100 miles, moves of equipment greater than presently allowed under rules of Instrument Of Husbandry. It is impossible to purchase additional equipment, as required for different locations, to carry on this cycle of process. Therefore, the need to transport on special occasions, other than field products on these units, as defined in the Code by a farmer, to allow the transporting of trailers of similar farm use, to be transported without farm produce, but allowing to load other farm trailers on these units, on a one-trip permit, to be moved from one location to another, and incidentally, only for the purpose of planting, cultivating, harvesting, or for purpose of repair, if rendered unsafe.

CHAPTER I - DEFINITIONS

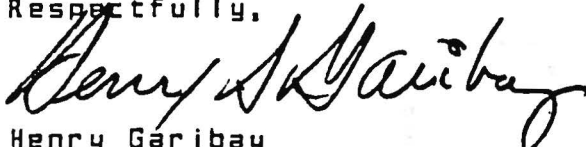
Comments:

- 36000 Very specific.
- 36005 Implement of Husbandry exemplified.  
A - Adequate.  
B - Needs revisions.  
C - Needs revisions.  
H - Provisions of Weight section 36109 removes this section as useful.  
I - Adequate.  
J - Adequate.  
K - Very adequate.  
L - Special provisions?  
M - Adequate.  
N - Adequate.  
O - This is a must regulation that needs careful attention, because of safety and weight and distance to first process point. Weight reduction should not be negotiated when weight per axle is well-defined in the code.
- 36010 Farm trailer defined. Adequate except for 36109.

- 36011 Automatic bale wagon defined. This is a special interest section that has portions that can be broadened, and be beneficial to other growers.
- 36015 Farm tractor used for towing. This section has broad interpretation, and may not require changes, except for safety provisions.
- 36100 Implements of husbandry exempt. Adequate, but consider cost of registration with the state, \$7.00 for up to five years. Benefits could be tremendous. When registered, an I. D. number is applied. Very useful while trying to prove ownership if number is in computer.
- 36101 Farm vehicle exempt. Adequate.
- 36102 Other farm vehicles exempt.  
Section C has problems with distance whereas with some of the farm operations, would have to have additional vehicles at locations further than five miles to meet the needs for that vehicle's application.
- 36105 Other trailers defined. \ This provision is adequate, but the following provision does away with a farmer being able to apply an instrument of husbandry. Except if this section applies to tool carriers, low bed type tractor trailers, or other type of farm implements of husbandry. I don't see a clear interpretation that may be consistent with law enforcement, and the average person moving farm implements.
- 36109 Farm trailers exempt.  
This ruling is one of the most devastating in the section. Why should a grower be penalized by implementing such a provision into law? Uniformity in this regulation should be in line with the rest of the Code, as defined within other applications. An instrument of husbandry has its own restrictions, in most cases, designed in the equipment as needed, and being short-changed by this regulation, regarding gross weight.

I hope that my efforts may be useful in changing a few of the problems faced by our growers in this respect. I would appreciate knowing what the response to this opinion is.

Respectfully,



Henry Garibay  
October 12, 1987